FINANCIAL TIMES

35p Saturday May 11 1985 No. 29,621

WORLD NEWS

PM defends record on employment

Mrs Thatcher yesterday defended the Government's record in fighting unemployment, and suggested businesses should seek out opportunity rather than wait for a boom.

She told the Scottish Tory Conference in Perth that the Government could not tackle unemployment by relaxing the fight against inflation—"a daily struggle" not yet won. Back Page

Tory backbench discontent over employment was caused by problems of presentation rather than of policy of performance Home Secretary Leon Brittan said. Page 4

Sikhs blamed for bombs

Indian police blamed Sikh extremists for a wave of bombings in New Delhi and Harayana state which killed at least 26 people and injured 70. Hindu death, Page 2

Poles tighten curbs

Piland's parliament passed controversial changes to the criminal code, making it easier to punish political opponents. Page 3

U.S. diplomats expelled

Two U.S. diplomats were expelled from Poland after attending an anti-government protest.

Protests as Bill fails

Two Tory backbench MPs were angrily criticised by a fellow MP and a Home Office Minister after they killed a Bill meant to reduce kerb-crawling. Page 4

Prosecution proposal

The Government published a plan for a Crown Prosecution Service independent of the police. Page 6

Brighton train burns

A man was charged with arson after a London-Brighton train caught fire. Two carriages were destroyed but passengers were unhurt.

Spanish holidays down

Street crime and bombings were blamed by Spanish hoteliers for a 12-15 per cent fall in holiday bookings for this summer. Page 6

S. Africa plan attacked

South African Government plans to allow blacks a bigger role in regional administration were criticised as inadequate by blacks and too costly by whites. Page 2

French N-test rapped

New Zealand Premier David Lange denounced France's 150-kilotonne nuclear test, its biggest, at Mururoa. Page 2

Albania stands alone

Albania rejected Soviet approches, saying it would never have relations with the Soviet Union or the U.S. Page 3.

Film pulled out of Rome

French director Jean-Luc Godard asked for no further Rome screenings of his film Hail Mary. It shows the Virgin as a garage owner's daughter and has been attacked by the Pope.

Disorganised crime

An Auckland, New Zealand, man pulled a knife on a policeman, but cut his own leg. The policeman, a karate black belt, disarmed him and a passing dog bit him. He was charged with disorderly behavior.

Financial Times

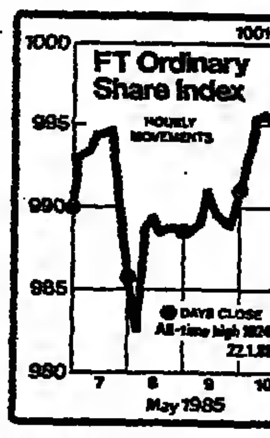
Some statistical material in this issue may not have been completely updated at the time of going to press. This is because of an unauthorised meeting called by members of the Sogat '82 clerical chapel.

BUSINESS SUMMARY

Surge takes FT Index above 1,000

A LATE surge in equities took the FT Ordinary Share Index above 1,000 for the first time since March 20 to close 10.8 up at 1,001.9.

Over-subscription of the offer for sale of the Government's 48.8 per cent British Aerospace



stake, and Wall Street's overnight advance, ensured continuance of the firm trend. Page 14

STOCK EXCHANGE chairman, Sir Nicholas Goodison, wrote to members outlining amendments to reform in the securities market. Back Page

EUROPEAN BANKING Company, the London consortium which recently launched an independent equity dealership, is being offered for sale by Midland Bank and its six other European bank owners. Back Page

U.S. economic expansion next year will be too slow to prevent unemployment rising, say advisers to the Business Council which comprises chief executives of most large U.S. corporations. Page 2

MERCHANT BANKS and other firms wishing to advise on privatisation of British Gas were set a deadline of next Thursday for applications. Page 4

AUSTIN ROVER'S former director of vehicle manufacturing, Brian Fox, attacked the Government's attitude to BL and the UK car industry. Page 4

SULTAN of Brunei, owner of London's Dorchester hotel, lost his appeal against a temporary injunction granted to the management allowing them to remain in control after he had tried to sack them. Page 6

EQUAL PAY: Fourteen female fishpackers in Hull won their industrial tribunal case for equality with a male worker. Page 6

BACARDI, privately-owned producer of the world's best-selling spirits brand, launched in the UK its first drink since Bacardi rum was developed a century ago. Page 4

ARGENTINA'S central bank closed the Banco de Italia y Rio de la Plata, one of the country's largest private banks, after rejecting reorganisation involving a $42m (£34m) loan. Page 2

EGYPT'S Minister of the Economy, Dr Sultan Abu Ali, said it was planned soon to allow a free float of the Egyptian pound traded by Commercial banks. Page 2

AGA, Swedish industrial gas group, aims to raise its stake in Uddeholm, tooling steel and hydropower concern, to 90 per cent in a SKr 3bn (£270m) cash and share deal. Page 11

PIRELLI, leading Italian tyres and cable group, is to restructure nearly a quarter of its debt which last June totalled $1.2bn (£972m). Page 11

ELECTRA Investment Trust is raising $40m (£32m) of investment capital to reinforce its UK shift from small unquoted sector deals to larger transactions. Page 10

BT moves into U.S. market with £180m Canadian purchase

BY JASON CRISP IN LONDON AND BERNARD SIMON IN TORONTO

BRITISH TELECOM is making its first substantial overseas acquisition since it became a private company late last year. It is to spend £180m on a 51 per cent stake in Mitel, the Canadian telecommunications equipment manufacturer.

The deal marks BT's entry into the U.S. market and will give it manufacturing plants worldwide, including a large factory in Wales. The acquisition is seen as a threat to some of BT's traditional suppliers, like Plessey and GEC Telecommunications, although it said it will continue selling their equipment.

BT and Mitel announced yesterday that they had an agreement in principle for the takeover, which is still subject to legal and regulatory clearances. The deal will mean a cash injection of C$300m (£175m) for Mitel—slightly more than its current level of debt.

While the acquisition is subject to review by Canada's Foreign Investment Review Agency it will almost certainly be approved because it benefits Mitel, which has had financial problems. An agency official said preliminary discussions had already been held.

Mitel was set up in the early 1970s by two British expatriates—Mr Mike Compland and Mr Terry Mathews—who had both worked with the Post Office's telecommunications operation, which later become British Telecom.

The company has a substantial sebare of the world market for small private telephone exchanges (PABXs) which it sells in 80 countries including Britain. Its major attraction for BT is its technology and its strong position in the highly competitive U.S. market.

However, Mitel has been suffering financial problems for ove rtwo years as a result of delays in launching a powerful digital PABX and a lack of management controls. It made a net loss of C$32.1m in the year to February 1985 on revenues of C$371m. It made a small profit of C$64,000 in the last quarter of that year.

BT says it has bough tMitel as part of its long-term strategy to become a worldwide force in the new information industries, like office automation. In addition to giving it a substantial customer hase in the U.S. market, it will also gain access to the latest PABX technology.

Sir George Jefferson, chairman of BT, said yesterday: "We have been doing business with Mitel for many years and we have the utmost respect for their product development and marketing skills. Their range of leading-edge technology products, combined with British Telecom's technical and financial strengths and international interests will enable the combined business to compete successfully worldwide."

BT was freed to buy overseas companies as a result of its privatisation last year when the British Government sold just over 50 per cent of its equity for about £4bn in the biggest ever sale of state assets.

Earlier this week BT reached an agreement in principle to buy another Canadian company, CGT, for C$20m. CGT designs and instals private communications networks. BT also has 49 per cent stake in Centel, a small U.S. company which markets its City Business System for market traders in the U.S.

BT first started selling Mitel exchanges in Britain over four years ago because of considerable delays in the supply of modern equipment from its traditional suppliers.

At the time the decision caused considerable upset. The latest move is likely to cause further concern and Plessey—the main suppliers of PABXs to BT—yesterday saw its share price fall 12p to 168p at one time as a result of the deal, although it closed at 172p.

BT is to pay C$8 for each new "Treasury" shares in Mitel. Pending completion of the documentation, it has an unconditional option to buy an 18.5 per cent stake in the company. Mitel directors representing 25 per cent of the stock have given BT a proxy vote in favour of the deal.

Once it is completed, BT will take full management control and it is expected to recruit some executives for the company in North America.

Mr Terry Mathews, president of Mitel, said the take-over would enhance the company's stature as a participant in the international market place

Continued on Back Page
Feature, Page 8, Lex, Back Page, Scotland Yard probe, Back Page

Davy McKee confident of end to S. Korea furnace deal delay

BY STEPHEN BUTLER IN SEOUL AND IAN RODGER AND CHRISTIAN TYLER IN LONDON

THE SIGNING of a $60m (£49m) blast furnace order from South Korea for Davy McKee, the British engineering contracting group, has been held up for several months because of the British Government's reluctance to breach international guidelioes on soft financing for such projects.

British diplomats in Seoul are worried that the order could be shifted to a Japanese supplier unless the Government agrees quickly to a form of financing. Davy's letter of intent from Pohang Iron and Steel, the purchaser of the furnace, expires at the end of this month.

Mrs Thatcher, the Prime Minister, has been critical recently of the extent of soft financing offered by the Japanese, who defeated a British consortium for a contract to build a second bridge across the Bosporus.

Davy remains confident that the problem will be solved and that the contract will be signed in the next few days. Mr Roger Kingdom, chief executive of Davy McKee (Teesside), said yesterday: "The Government has agreed to the level of support, the problem is the mechanism." He also denied that the problem was related to Mrs Thatcher's comments on the Bosporus contract. "We are less concerned today than we were a week ago," he said.

The agrement between Davy and Pohang is understood to include a loan carrying an interest rate of about 6 per cent backed by the British Government. This is well below the minimum interest rate allowed on such loans under an informal agrement among member countries of the Organisation for Economic Co-operation and Development.

The British Government agreed to underwrite the cost of the low interest rate following an earlier breach of the OECD rules by another bidder for the Pohang contract. The Goverment then sought to avoid breaking the rules itself by proposing that Korea accept an element of foreign aid in the deal. The Koreans, however, did not want to take aid.

The Export Credits Guarantee Department confirmed yesterday that the Government remained ready to support the deal and that the credit terms were still as agreed.

Davy won a $56m contract to build the first blast furnace at Pohang's Kwangyang works on the south coast of Korea last year. The company has been counting heavily on the second contract to reinforce its position as a world leader

Cadbury to buy Sodastream

BY LISA WOOD

CADBURY SCHWEPPES, the UK-based confectionery group, is to pay about £26.2m for Sodastream, the manufacturer of systems for making fizzy drinks in the home.

"The acquisition is an opportunity for Cadbury Schweppes to break into a growth market with worldwide potential," the confectionery group said. It plans to offer Sodastream its skills in finance, technology and marketing.

Sodastream, which has recently test-marketed its product in the U.S., the world's biggest consumer of soft drinks, has distribution agreements in several overseas markets.

The company's principal strength, however, is in the UK, where it has more than 60 per cent of the home dispensing soft drinks market. Drinks carbonated in the home, a negligible market a few years ago, now account for about 6 per cent of the £1bn UK carbonated drinks market.

About 18 months ago, dealings outside the Stock Exchange put a value of nearly £40m on Sodastream, which was sold by the Reckitt and Colman food group in 1973 for a nominal sum. The buyer was a group of shareholder directors backed by Scottish American Trust and Anglia Television.

In 1984, the company suffered a set-back in its core UK business when it introduced a new machine. Heavy losses were also incurred in developing new markets, principally the U.S. and Germany. In the year to last April, they were estimated at £3.8m.

Sodastream made a £3m rights issue in January, when it reported pre-tax losses of about £2m for the half year to October 31, 1984, against £2.5m in the comparable period of 1983. It estimates that its losses for the year ended last April 30 will be about £4.5m.

Cadbury Schweppes, the world's fifth largest soft drinks manufacturer, had been seeking entry into the home dispensing fizzy drinks market for some time.

"Sodastream was not available for sale until now," said Mr Dominic Cadbury, chief executive of Cadbury Schweppes, who this year took special responsibility for the group's soft drinks activities.

The group, which made a trading profit of £53.8m on its soft drinks activities last year, has been looking for expansion to North America, which last year accounted for nearly a quarter of the group's £154m trading profit.

"The U.S. looks to be a very good opportunity for home dispensing of carbonated drinks." Test marketing by Sodastream had shown strong potential for the product, with no direct competition. "We want to continue with the development of that market," Mr Cadbury said.

Cadbury Schweppes has been reasonably successful with its mixer drinks in North America, where it has about 1.4 per cent of the market, but it has made little impact in the much bigger fizzy drinks market.

"This is an alternative market to the conventional ones where the major companies such as Coca Cola and Pepsi Cola are well entrenched," Mr Cadbury said. "This is an opportunity to grow in the U.S. without running head-on with the major companies."

At 499p a share, Cadbury's paper offer is worth about £26.2m. An underwritten cash alternative would give Sodastream shareholders 484p a share.

Lex, Back Page

Reagan forced to climb down in budget cuts pact

BY NANCY DUNNE AND STEWART FLEMING

THE U.S. SENATE has approved a three year package of federal budget cuts totalling $297bn (£240bn) after a crucial climbdown by President Ronald Reagan over future defence spending levels.

Confronted with probable defeat over a compromise package worked out with the Senate Republican leadership a few weeks ago, Mr Reagan signalled his acceptance from Lisbon of a budget resolution denying any real growth in defence spending next year and allowing only 3 per cent real growth in each of the two successive years. The President's original budget proposal had first sought a 5.9 per cent real rise in defence spending and his subsequent earlier compromise settled on a 3 per cent increase.

The Senate went on to approve the budget resolution in a dramatic climax to a day of frantic politicking by Mr Robert Dole, Senate majority leader. Vice-President George Bush needed to use his casting vote to secure the resolution after the first vote in the early hours of the morning was tied at 49-49.

In fact, the victory was assured only by the presence of Republican Senator Peter Wilson, who was wheeled in to vote with an intravenous tube in his arm two days after an operation for a ruptured appendix.

The final resolution would cut the deficit by $56bn next year to a total of $171.4bn. It would then fall to $144.8bn in the 1987 financial year and to $104.3bn in 1988.

Some of the savings made on the President's defence proposal are being used to rescue popular government spending programmes such as subsidy for the Amtrak passenger rail network, student aids and agricultural supports.

However, 13 programmes, many of which help the poor, were eliminated; including federal grants for states and cities, Export-Import Bank direct lending and trade adjustment assistance.

Before he left Lisbon yesterday, the President claimed that he had the assurance of senators that: "If zero growth reduces national security in any way, I will be back for a supplement."

Mr Donald Regan, his chief of staff, said that 90 to 93 per cent of the savings in the President's original budget for domestic spending were approved.

Nevertheless, the President has been forced to renege on his campaign promise not to allow cuts in social security. The package suspends for one year increases in the cost of living adjustments for some 36m widows, disabled workers and pensioners.

Administration officials pointed out yesterday that there was still a long way to go before it would be clear what the final shape of the 1986 budget would be.

First, the Democrat-controlled House of Representatives, which has been waiting for Senate decisions before starting work on its budget resolution, will have to draw up a budget plan.

The Democratic caucus in the House budget committee is expected to start work on detailed budget proposals next week but the White House does not expect the House to pass a budget resolution before the spring recess at the end of this month.

Then perhaps in the early summer the House and the Senate will have to go to conference to agree on a joint budget resolution. At this stage, assuming the budget proposals get that far, it is expected that a joint budget resolution will include legislative language imposing broad spending limits.

Individual spending committees in the Congress will have to write the detailed allocation of federal funds. This probably will not be completed until September at the earliest.

Just how much of the Senate's blueprint will have survived by then is uncertain. The House armed services committee has already approved a defence budget similar to the one that cleared the Senate early yesterday morning. However, efforts to trim defence further, and, above all, an attempt to reduce the cuts in social security spending approved now by the Senate, are widely expeced in the House.

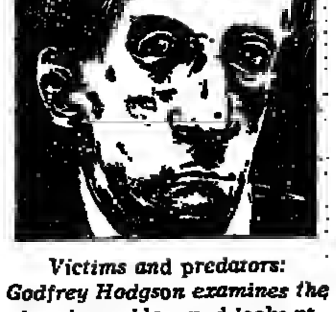
Slowing economic growth, which has been threatening to increase the budget problem, mounting pressure from a business community which is suffering increasingly from huge U.S. trade deficits, and signs of incipient rebellion on Capitol Hill among moderate Republicans have all been increasing the pressure on the Administration to compromise. The vote yesterday represents a major victory for Senator Dole, who had been the principle architect of the compromises worked out by the Senate leadership.

Terry Byland adds from New York: Wall Street responded strongly yesterday morning to the Senate approval for the Republican budget plan and to

Continued on Back Page
Talks offer renewed, Page 2
Reagan: treading on the ghosts of the past, Page 9

WEEKEND FT

The Financial Times new section for weekend reading



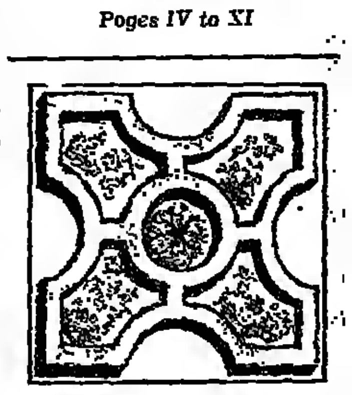
Victims and predators: Godfrey Hodgson examines the heroin problem and looks at ways of dealing with it. Page I

FINANCE AND THE FAMILY

plus 4 page FT Report

PERSONAL FINANCIAL PLANNING

Pages IV to XI



DIVERSIONS

Parsley, sage, rosemary and thyme .... and other herbs that aren't so well known. Page XV

SPORT

What is Everton? More and less than just a football team. Page XVII

MARKETS

DOLLAR
New York lunchtime:
DM 3.1215
FFr 9.525
SwFr 2.629
Y252.5
London:
DM 3.1185 (3.111)
FFr 9.51 (9.49)
SwFr 2.6295 (2.6145)
Y252.5 (251.5)
Dollar Index 146.9 (147.1)
Tokyo close Y252.7

U.S. LUNCHTIME RATES
Fed Funds 8⅝%
3-month Treasury Bills: 7.72%
Long Bond: 100⅞
yield: 11.2

GOLD
New York: Comex June latest $315.5
London: $314.5 ($316.5)

STERLING
New York lunchtime $1.2315
London: $1.234 (1.237)
DM 3.8525 (3.85)
FFr 11.74 (11.725)
SwFr 3.25 (3.235)
SwFr 3.25 (3.235)
Y312.0 (311.0)
Sterling Index 78.1 (77.9)

LONDON MONEY
3-month interbank:
closing rate 12 13/32% (12 11/16)
3-month eligible bills:
buying rate 12 5/32% (same)

STOCK INDICES
FT Ord 1,001.9 (+10.8)
FT-A All Share 632.33 (+0.5%)
FT-SE 100 1,315.8 (+9.5)
FT-A long gilt yield index:
High coupon 10.82 (10.86)
New York lunchtime:
DJ Ind Av 1,272.08 (+11.82)
Tokyo:
Nikkei Dow 12,527.31 (+52.8)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 38; Denmark Kr 7.25; France Fr 6.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 6.00; Portugal Esc 80; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.2; Ireland 55p; Malta 30c.

CONTENTS

For London market and latest share index, 01-246 8026; overseas markets, 01-246 8086.

Rise in U.S. jobless forecast

BY STEWART FLEMING IN HOT SPRINGS, VIRGINIA

THE EXPANSION of the U.S. economy next year will be too slow to prevent unemployment rising, according to economists advising the Businesa Council, an organisation whose membership includes the chief executives of most of the biggest U.S. corporations.

lo a report to the Council's spring meeting bere, tbe economic advisers say they are expecting real growth in the U.S. to be only 2.2 per cent next year aftar rising by 3.1 per cent in 1985, rates which are both significantly below the 4 per cent expansion the Reagan Administration is projecting.

The main factor behind the slowdown is "a large deterioration in foreign trade" wbich is cited aa "the major risk to tbe forecast, a potential source of low growth or recession, with higher inflation."

The combination of slower economic growtb and competitive pressure on profit margins ia expected to reduce to only 2.6 per cent the expected increase in corporate before-tax profits in 1986, following a projected rise of just over 8 per cent this year.

Deepening concerns about the huge trade deficit and its impact on the market share of U.S. companies both at home and overseas is evident not only in the economic forecasts being discussed bere, but also in the comments of chief executives attending the meeting.

According to Mr Edmund Pratt, chief executive of the pbarmaceutical concern Pfizer, sectors of U.S. industry "are being killed by the dollar."

Although Pfizer has in general been doing well in its pharmaceutical business because of the new products it bas been bringing to the market, Mr Pratt aays that other businesses in the group, have been "struggling against a flood of imports of chemicals and minerala being sold at almost ridiculous prices."

Other executives such as the chairman of E. I. du Pont de Nemours, Mr Edward Jefferson, also say they are losing tens of millions of dollars of sales, and profits, because of the strong dollar and the competition from imports.

Indicative of the extent of concern about the trade issue here, is the fact that for the first time in its history the Business Council is devoting its meeting entirely to discussions centred around international trade and tbe competitiveness of the U.S. economy.

It bas alao for the first time invited a range of foreign government representatives to participate in its meetings.

These include Mr Arthur Dunkel, Director-General of the General Agreement on Trade aod Tariffa; Mr James Kelleber, Canadian Trade Minister, Sir Roy Denman, head of the EEC delegation in Washington, and Mr Hector Heroandez Cervantes, Mexican Secretary of Commerce.

Singapore expands tax incentives

By Chris Sherwell in Singapore

THE Singapore Goverment yesterday expanded the tax incentives it offers international fuod managers based in the island-state, and promised further reforms to enhance the country's standing as an international financial centre.

lo a keynote speech to local baokers and businessmen, Mr Richard Hu, newly-installed Minister of Finance and head of the powerful Monetary Authority, Singapjore's bank regulatory agency, announced:

● A five-year extension to 1993 of the current five-year tax exemption scheme for fees earned on loans syndicated out of Singapore:

● The removal altogther of the five-year limit on the country's tax exemption scheme for offshore fund management.

This latter scheme, effective since 1983, is confined to offshore funds invested offsbore. Regarding funds invested and managed withio Singapore, Mr Hu promised a decision ending the uncertainty now prevailing over taxation.

This is hecause the authorities bave left it unclear whether such profits are capital gains, which attract zero tax, or tradlog profits, which are taxed at 40 per cent. Many fund managers will only set up in Singapore after a favourable decision

Giving his first public speech as Finance Minister, Mr Hu also confirmed that the Goveroment is considering the creation of an unlisted stock market

Reagan renews offer of talks

BY REGINALD DALE IN LISBON

PRESIDENT Ronald Resgan yesterday renewed his offer to meet Mr Mikhail Gorbachev, the Soviet leader, at any time and place, despite recriminations between Wasbington and Moscow over anti-U.S. remarks by Mr Gorbacbev on Wednesday.

He would have no problems in meeting Mr Gorbacbev, Mr Reagan said before leaving Lisbon at the end of his troubled 10-day tour of Europe.

He hoped that the meeting would take place as soon as the cbance arose.

Mr Reagan has repeatedly offered to meet Mr Gorbachev in the U.S., if and wben the Soviet leader attends a special meeting of the United Nations this autumn.

Tbe President left Europe buoyed by a friendly reception in Portugal, but admitting that there had been a few "agonising" moments during bis four-country trip.

Mr Reagan, like the whole White House travelling party, has maintained tbat bis trip has been a success, including "a lot of agreeable moments and a few agonising ones."

The tour had included his controversial visit to a concentration camp and a German war cemetery—following a difficult world economic summit in Bonn last weekend.

The President yesterday described the summit as "relatively successful," with its most important aspect the united backing for the U.S. position in the Geneva arms talks.

He also cited the seven participant countries' agreement to co-ordinate their efforts to fight international drug trafficking, a prime concern of his wife, Nancy, who accompanied him most of the way round West Germany, France, Spain and Portugal.

President Reagan puzzles over a qnestion at the end of his European tour

Thanking the Portuguese Government for the warmth of his reception, Mr Reagan said that while there had been a few protests at his presence elsewhere along his route, he was used to that.

Renter reports from Moscow: Tass, the official Soviet news agency, said yesterday that President Reagan's 10-day tour of Western Europe was a major blunder which had served only to highlight differences between the U.S. and its allies.

The White House bad hoped to force European countries to support the U.S. administration's foreign and economic policy, Tass added.

"The visit demonstrated how strongly the West Europeans are worried and outraged by the begemonistic course of the U.S. Administration."

● The Reagan Administration said yesterday it opposed the Congressional call for the expulsion of the Soviet Ambassador if Moscow did not apologise for the shooting of a U.S. Army major in East Germany, Renter reports from Wasbington.

Mr Edwards Djerejian, State Department spokesman, said the action approved hy the House of Representatives 322-93 was unwise and inappropriate.

The House urged the expulsion of Ambassador Anatoli Dobrynin if Moscow did not apologise by June 30 for the sbooting of Army Major Arthur Nicholson.

Argentina closes third largest private bank

By Our Buenos Aires Correspondent and Hugh O'Shaughnessy in London

The Banco de Italia y Rio de la Plata, Argentina's third largest private bank, was closed yesterday by the Central Bank.

Qoeues of depositors formed at the bank'a branches in an attempt to withdraw their money before the official announcement was made

Staff were told that the bank had been closed after the Central Bank turned down a request for a $42m (£35m) loan as part of a reorganisation plan.

The Central Bank bad taken over the bank'a operations last week as part of an effort to revitalise the institution.

Bankers bere say that Banco de Italia bad been getting by primarily on short-term money in recent weeks —a consequence, they say, of bigh fixed costs and enormous difficulties in collecting on major loans. Many other private banks bere are experiencing similar problems.

Banco de Italia'a deposits are guaranteed by the Central Bank. Analysts in Bnenos Alres say the Government may have problems coming up with the necessary pesos to cover those deposits at a time wben fiscal expendituresa are being cut drastically.

The difficulties of the Banco d'Italia are expected to hit otber Argentine-based institutions. Senior bankers believe that Argentine depositors will transfer funds to foreign-owned banks either in Argentina or in Montevideo, across the River Plate in Urngnay.

Banks in Uruguay have traditionally benefited from any loss of confidence by Argentine depositors.

The Argentine government's decision not to aid the Banco de Italia was to a large extent governed by shortage of casb.

Foreign governments and commercial banks have beld off offering new funds to Argentina until the Alfonsin administration bas come to terms with the International Monetary Fund.

The Reagan Administration recently rejected an Argentine appeal for a bridging loan.

Duarte to hold talks with rebels

By Hugh O'Shaughnessy in London and David Gardner in Mexico City

PRESIDENT José Napoleón Duarte of El Salvador is to meet left-wing insurgent leaders for private talks aimed at arranging a third round of negotiations to end the five-year-old civil war.

The negotiations are expected to be beld in Costa Rica. Mgr Gregorio Rosa Chávez, Auxiliary Bisbop of San Salvador, was yesterday in Costa Rica making arrangements for the meeting.

The Salvadorean Government is insisting on preliminary talka so that the negotiations, wben tbey take place, wilt be aeen to be successful.

The first two ronnds of negotiations between the two aides last year at La Palma and Ayagualo in El Salvador broke up amid failure and mntual recrimination.

The Dnarte administration is also insisting on tbe participation of the peace process nf the ERP, one of the principal guerilla groupa absent from last year's meetings.

Pope faces critics in Holland

POPE John Panl II today begins a five-day visit to Holland wbicb will bring him into confrontation with some of his stauncbest opponents in tbe Catholic Church, writes James Buehan in Rome.

Duteb Catholics bave taken part in rallies at whicb be bas been scathingly criticised.

Many of the 5m Duteb Catholics disagree with official cbnrch policy on sex and marriage and some priests favonr an end to celibacy and want ordination of women.

S. African regional reform plan 'costly and inadequate'

BY JIM JONES IN JOHANNESBURG

THE SOUTH AFRICAN Government's plans to allow blacks greater participation in the country's regional administration have been sharply criticised by blacks as being inadequate and by whites as being too costly.

The constitutional formula devised by the country's rulIng National Party envisages the establishment of a new multiracial tier of government above the level of the aegregated local authorities.

It will be based on autonomous Regional Service Councils (RSCs) which will be financed from levies on the turnover and payrolls of businesses in their area of responsibility.

Tbe councils will be responsible for the provision of services such as electricity, transport and water, to local authorities.

National Party planners said the new system, whicb forms part of an overall restructuring of national, provincial and local government would result in greater consensus in the allocation of aervices. The RSCs will be run by representatives drawn from local authorities. The Government said the scheme was also designed to give the conntry's varioua race gronps greater control of regional affairs.

Black opposition to the plan centres on the view that the scheme atill bars blacks from real political power as it only allows them to participate at a relatively low level of decision-making.

A two-hour work stoppage has been called for next Tuesday by Sonth African black trade unions and community groups to commemorate the death on Monday, May 6, of black trade unionist Mr Andries Raditsela. Mr Raditsela, an executive nf the Federation of South African Trade Unions, was arresed on suspicion of car theft last Saturday morning and was later admitted to hospital suffering from brain injuries.

White opposition comes largely from organised commerce and industry which faces the prospect of new levies on turnover and payrolls to finance the R1bn expected annual budget of the RSCs.

Mr Harry Schwarz, the opposition Progressive Federal Party'a economics spokesman, said the new payroll levy would binder job creation and the turnover levy could affect prices to the same extent as a 2 per cent increase in general sales tax.

The Association of Chambers of Commerce criticised tha timing of the new levies. Profit margins, Assocom said, were under pressure and the recession was leading to about 70 corporate bankruptcies a week.

New Zealand protest at French nuclear tests

BY DAI HAYWARD IN WELLINGTON

MR DAVID LANGE, the New Zealand Prime Minister, known for his anti-nuclear policies, bas angrily denounced the latest Frencb nuclear tests at the Mururoa Atoll in the Pacific.

The test, of 150 kilotonnes, making it the largest recorded since tbe French testing began in 1975, was announced by scientists at New Zealand's Department of Scientific and Industrial Research.

In Paris, the Defence Ministry stuck to its long standing practice and refused to confirm the nuclear test in Frencb Polynesia. New Zealand will be making a protest to the French Government.

Observers in the French capital saw the blast as a signal to both Australia and New Zealand that France was determined to continue testing and build up its presence in the Pacific region.

The test was carried out a few hours before M Charles Herou, the Defence Minister arrived by submarine in New Caledonia.

The explosion was the 69th the French have carried out in the Pacific. The previous biggest blast was 140kt in July 1979.

Shultz tries to soothe Jewish anger over Bitburg

BY OUR TEL AVIV CORRESPONDENT

MR GEORGE SHULTZ, U.S. Secretary of State, yesterday paid tribute to Jewish victims of Nazi Germany and sougbt to soothe Israeli anger over President Reagan's visit to the Bitburg military cemetery in West Germany.

After laying a wreath at Jerusalem's Yad Vashem Memorial to the 6m Jews killed in concentration camps, Mr Sbultz pledged that the American people would not abandon Israel. "Never again would we let the Jewish people stand alone against persecution and oppression," be said.

American diplomats said bis trip, arranged months ago to mark the 40th anniversary of the end of World War II, bad provided a timely opportunity to heal the wounds of Bitburg.

Mr Shultz, who is to travel on to Egypt and Jordan, is also usiog the tonr to assess the chances of reviving the Middle East peace process. American officials said it was still too early to speculate about new initiatives from Washington.

Israeli officials said Foreign Minister Yitzhak Shamir reiterated Israel's opposition to Palestine Liberation Organisation members serving on a joint Jordanian-Palestinian delegation to peace negotiations. Jordanian and PLO leaders say the PLO sbould be represented. Mr Shultz is expected to look for compromise candidates wben be visits Cairo and Amman.

● Heavy fighting broke out again yesterday afternoon across Beirut'a "green line" separating tha Moslem and Christian sectors of the Lebanese capital. The shooting followed a lull during which it was annonnced that Mr Elie Mobeika bad been chosen to head the Lebanese Forces, the coalition of Christian militias, writes our Middle East Staff.

Riots follow Hindu death

BY K K SHARMA IN NEW DELHI

Rioting broke out in Hoshiarpur town in Punjab yeaterday despite a curfew after a prominent Hindu politician and president of The Peoples Party, Balbir Singh, was assassinated by Sikh terrorists.

Mobs burnt down at least 20 shops before being brougbt under control by police.

The assassination was the third in 10 days involving Hindu politicians in Punjab, wbere extremists bave stepped up killing and other terrorist activity in the past fortnigbt.

It is thougbt to have been timed to coincide with tbe tussle for power among factions of the Akali Dal, the Sikb political party, whicb is divided among three main groups.

A week ago, an ad boc committee was formed by tbe father of the late extremist leader, Sant Jarnail Singh Bhindranwale, to run Sikh affairs and be unilatarally announced the dissolution of all the factiona.

The faction leaders are contesting bis right to do ao in aecret talks, but dare not openly challenge bim

Gleam of hope for Chinese bonds

By Maggie Urry

CHINA'S rehabilitation in the international capital markets is progressing fast.

The last week has witnessed a major banking conference io Peking and shortly, the country'a first Eurobond issue is due to be launched—a D-Mark denominated bond to be arranged by Deutsche Bank.

Whare does this leave the bolders of bonds issued by previous Chinese régimes—bonds which bave not been honoured since the start of World War II.

Chinese bonds, issued between 1898 and 1938, with a face value of £61m are still outstanding, with accrued interest now worth £153m, according to the Council of Foreign Bondbolders.

This body represents the interests of holders of sterling-denominated bonds issued in the UK by oversaas governments, states and municipalities.

Recent success

The council, whose current president is Sir Jasper Hollom, a former deputy governor of the Bank of England and now cbairman of the Take-over Panel, has had some successes in the past in negotiating with foreign governments which have defaulted on bonds, on behalf of the bondholders.

Ironically, the Council has no knowledge of the identity of many of these people because the bonds were issued in bearer form and have been traded ever since.

During its history, the Council has been involved in negotiating settlements of defaulted bonds with a value of over £1bn. It most recent success was that of the Government of Zimbabwe which in 1980 agreed to pay back principal and interest on bonds issued by Southern Rhodesia.

The settlement, totalling £59.5m, was not as bigh as many bond holders had hoped though the council said at the time, it was the best that could be obtained.

Important

Apart from ideas of *noblesse oblige*, defaulting borrowers are most likely to pay up on their old debts if they are keen to borrow more money.

China is certainly likely to be a big borrower in coming years. Premier Zhao Ziyang told the bankers' conference last week that foreign finance will be important to the development of China.

But whereas Zimbabwe's credit standing was low and needed bolstering, China's could bardly be better and bankers are only too keen to lend to the country.

Demand is already building up for the D-mark issue, likely to be in the name of the Bank of China.

The Bank of England would probably not allow the Chinese Government to make a sterling bond issue until the default is resolved. But China has already tapped the domestic Yen bond market and, after the D-mark Eurobond issue, could later launch Eurobond deals in other currencies.

Claims package

The Council of Foreign Bondholders will not comment on the chances of agreeing a settlement which it could recommend to bondbolders.

Planned negotiations, with the Chinese Government, which will be handled by the UK Government, have yet to start and could be slow in concluding.

The government bas put a package of claims to the Chinese — including its own concern for the old consulate building in Shanghai — late in 1983, and received a response in January this year. Officiala hope that negotiations will begin soon.

Meanwhile, the Council of Foreign Bondholders wonld like any prospectus for a new bond issue — in whatever currency — to spell out details of China's defaults.

That compromise was used wben Mexico returned to the sterling bond markets despite some minor defaults of bonds issued by an illegal, and brief, régime.

But such a "health warning" is nnlikely to deter investors keen to buy China's new bonds.

Egypt aims for change in currency policy

BY TONY WALKER AND MARGARET HUGHES IN CAIRO

EGYPT PLANS in the "near future" to allow the value of its currency in the commercial bank pool to be determined by market forces, according to Dr Sultan Abu Ali, the new Minister of the Economy.

Dr Abu Ali told the Financial Times that the Government was considering licensing foreign excbange dealers wbo would be intermediaries between the banks and Egyptian workers abroad.

The Egyptian Government is alarmed by the fall in the inflow of remittances since the second half of last year, partly attributable to the recession in the Gulf and to the policies of the previous Minister of the Economy.

New currency regulations, introdneed in January, aimed at slashing imports and drawing funds from abroad into the banking system, were abandoned last month within days of Dr Abu Ali's appointment.

The measures were unsuccessful in attracting funds througb legal cbannels because the rate at which the banks were prepared to purcbase hard currency from workers abroad was well below that available on Egypt's black market.

Dr abu Ali, who bolds a PhD in economics from Harvard, said that apart from improving the mecbanism for establishiog tha value of the Egyptian pound and increasing the flow of hard currency through the banking system, bis priorities were to rationalise Egypt's price structure, raise the efficiency of the public sector and deal with balance of payments problems.

The new minister said a deteriorating balance of payments was worrying in tbe "short and long term." His immediate task was to restrain imports, except those needed for the "prodnctive sector."

He aaid that the Government was studying a simplified metbod of import rationalisation based on four lists. These would cover "forbidden items," thoae attracting a "prohibitive tariff," such as luxuries, those on wbich duty would be levied to protect local indnstry, and a fourth list covering items in short supply in the Egyptian economy.

Dr abu Ali said a decision on floating the Egyptian pound wonld not be taken immediately. He indicated Egypt may be in a position to allow market forces to determine the currency'a value after an arrangement waa made with the International Monetary Fund (IMF), possibly later this year, on a stand-by credit.

Egypt is nagotiating with the IMF a facility to cover expectad balance of payments deficits in the next few years. Egyptian officials have said publicly that they were seeking between $1bn-$2bn from the IMF, but this seems optimistic.

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OVERSEAS NEWS

James Buxton looks at a poll with effects beyond mere regions and cities

Election that could determine Italy's future

THE LOCAL elections in which 44m Italians will be voting tomorrow and Monday will decide more than just who runs Italy's regions and cities. Their outcome could determine the political future of the country for the next three years.

Nearly 900,000 candidates are fighting for more than 120,000 seats on the ruling councils of 15 of Italy's 20 regional governments, of the provinces, and virtually every commune—from great cities such as Turin and Bologna to remote settlements.

The first campaign posters went up soon after New Year's Day. The Government of Sig Bettino Craxi has taken few long-term decisions—and been careful to do nothing unpopular—for several months.

MPs have assiduously voted through Bills that mean more money for special interest groups and which also boost the budget deficit.

Italians take local elections seriously because many think in terms of their city before national issues. Regional and city governments have big spending powers and exercise great influence over national politicians.

Such is the allure of local politics that several members of Sig Craxi's Cabinet are offering to give up ministerial rank to become mayors—notably Sig Bruno Visentini, the Finance Minister, who is Republican Party candidate for mayor of Venice.

The elections will also help decide the fate of the Craxi Government, which, having already lasted 21 months, is the fourth longest in Italian postwar history and one of the more successful.

In fact, Sig Craxi has said he will have to resign if the five parties of the coalition are defeated in the elections, which he has called a "mid-term test."

Whether that happens depends particularly on how the electorate treats the Christian Democrat Party, the biggest in the country which has been in every Italian Government since the Second World War.

The Christian Democrats cannot expect to match their performance in the 1980 local elections when they won about 37 per cent of the vote.

The question is probably whether they descend even further from the record low of just under 33 per cent they reached in the cataclysmic 1983 general election.

This level was confirmed in last year's European electiona when they were overtaken for the first time (and by a fraction of 1 per cent) by the Communist Party.

Sig Bettino Craxi (left), Sig Ciriaco de Mita and Sig Alessandro Natta (right) . . . politicans are complaining the electorate is bored

This time Christian Democrat leaders are urging people to vote for them to avoid the dire consequences of another "sorpasso," or overtaking by the Communists.

Sig Ciriaco de Mita, the party leader, has abruptly changed course from the 1983 general election when be campaigned with disastrous results on an austerity platform which owed something to Mrs Margaret Thatcher's policies in Britain.

The Christian Democrats could also lose votes to the neo-Fascist Italian Social Movement (which won nearly 7 per cent of the vote in 1983) because of the unpopularity of the Craxi Government's measure aimed at forcing the self-employed to pay more tax.

They could also suffer a loss of votes in the South. But whether losses there would be offset by gains in the north remains to be seen.

The Communist vote — just under 30 per cent in the 1983 election — is generally expected to remain solid.

The outcome of elections is usually decided by shifts of only a percentage point or two in a party's vote which are difficult for opinion polls to register.

But opinion polls so far published suggest that the Christian Democrat vote will decline slightly from that of the 1983 elections, and that the Communist vote will rise a little to put them in first place. That would have serious consequences for the Catholic party, and for Sig de Mita.

Sig Alessandro Natta, the Communist party leader, has threatened that in that case, he would immediately claim the right to form a government. That is unrealistic since he could not create a viable coalition.

But the Craxi Government would be in real trouble if the votes of the other four coalition parties—the Socialists, Republicans, Social Democrats and Liberals—declined too. With the Christian Democrats, they hold 56 per cent of the vote. To remain credible, they must stay above 50 per cent. If not, new general elections might have to be called three years early.

The smaller coalition parties of the Centre-Left gained at the Christian Democrats' expense in the 1983 election. This time the Socialist Party ought to rise, from the 11.4 per cent it won in 1983. But the Republican Party, with 5 per cent of the vote, could lose support.

Whether Sig Craxi continues to be Prime Minister depends on more than just the result of the local elections. He can bargain with the Christian Democrats for power at the national level, by offering to switch Socialist party backing in Rome and Milan, from coalitions with the Communists to alliances with the Christian Democrats.

Then he must weather the Communist-sponsored referendum on wage indexation, set for June 9. After that, there is the election in late June of the next President of the Republic.

With so many issues at stake, one might expect the country to be in a fever of anticipation. It is not. The politicians are complaining that the electorate is bored.

To the ordinary voter, one coalition, whether at the national or local level, may seem much like another. But voting is virtually obligatory in Italy. The turn-out should be over 80 per cent.

Bid to head off SPD rule in state poll

By Peter Bruce in Bonn

ONE-THIRD of West Germany's voters go to the polls tomorrow in the state of North Rhine-Westphalia, the most populous in the country, in a state election that Bonn Government officials say they will regard as a dry run for the next general election, in just over two years' time.

The Christian Democrats (CDU), leaders of the Federal Government coalition in Bonn, are fighting to remove the opposition Social Democrats (SPD) from power in the state, which they have ruled—often in coalition—for the past 20 years.

They are also seeking to head off another personal success for the SPD Prime Minister in North Rhine-Westphalia, Herr Johannes Rau, who won an overall majority there in 1980.

Late polls seem to indicate, however, that the CDU will fare badly, with its share of the vote possibly falling below 40 per cent. It won 43.2 per cent five years ago, against 48.4 per cent for the SPD.

SPD officials in Duesseldorf, the state capital, were saying earlier this week they were confident of holding on to their absolute majority.

Swedish workers face lockout

Negotiations aimed at ending Sweden's 9-day-old public sector labour dispute are expected to continue through the weekend, despite a Government threat to impose a retaliatory lockout this morning, writes **David Brown in Stockholm.**

A mediation board continued work late yesterday in an attempt to break the deadlock between the Government and the state white collar workers union.

Airports have been closed and cross-border trade crippled in support of a retroactive pay claim by white collar workers. It has cut export shipments by as much as 50 per cent.

Albania rejects Soviet offers to forge new links

BY PATRICK BLUM IN VIENNA

ALBANIA yesterday rejected recent Soviet offers to normalise relations between the two countries, saying it would never have links with either the Soviet Union or the U.S.

Speaking at a meeting marking the 40th anniversary of the end of the second world war, Mr Proko Murra, Albanian Defence Minister, castigated the Soviet Union and the U.S. and rebuffed any Soviet hopes of warmer relations. "We have not had and will never have relations with the superpowers, the U.S. and the Soviet Union," he said.

Mr Murra's speech is the first full foreign policy statement since the death of party leader Enver Hoxha last month. Mr Murra defended Albania's staunchly independent brand of communism, lashing out equally at East and West, but singling our for particular invective the U.S., the Soviet Union and Yugoslavia. He accused them of diminishing the role of the Albanian people in the fight against fascism. "The fate of our people was determined by the Albanian people and by nobody else."

International tensions were the result of the "aggressive expansionist and enslaving policies of the two superpowers." In the U.S. and the Soviet Union state power was in the hands of "extremist representatives of powerful military-industrial complexes," Mr Murra said.

"The two superpowers make much noise about disarmament, but neither the Reagan policy for talks from a position of strength nor the policy of military strategic equilibrium pursued by Moscow served the cause of peace."

Mr Murra suggested that Albania could continue its independent policy on the lines established since its revolution.

Bangladesh secures aid commitments of $1.68bn

BY PAUL BETTS IN PARIS

BANGLADESH secured $1.68bn (£1.4bn) in new aid commitments from western donor countries after a meeting of the Bangladesh consortium at the World Bank in Paris yesterday.

The new pledges for the fiscal year 1985-86 starting next July are 1.7 per cent lower than the $1.715bn Bangladesh received last year.

But senior Bangladesh officials said they expected to secure about $200m from other sources bringing the total to $1.88bn.

The country's total aid requirements are for $1.92bn.

The officials said that commitment levels were lower in dollar terms than last year because pledges from one regional source were about $80m less than the year before.

Members of the consortium urged Bangladesh to improve the general efficiency of its public administration and expressed concern over its financial institutions. A group statement said that "lax credit discipline had contributed to a misallocation of scarce investment resources and that credit recovery was at unacceptably low levels."

It also stressed that increasing claims on a limited supply meant that "performance in utilising aid would become an increasingly important criterion in its allocation."

Bangladesh officials said the country's balance of payments would be in deficit in the next two years. Foreign exchange reserves are expected to fall to $310m by the end of June 1986.

E. Europe 'ready to help Nicaragua beat embargo'

BY LESLIE COLITT IN EAST BERLIN

NICARAGUA'S President Daniel Ortega said at the end of his East European tour in East Berlin that he had met with "great readiness" to help his country to obtain vital goods cut off by the U.S. trade embargo.

But he noted that he was not expecting "abundance" and a solution to all his country's problems from Eastern Europe.

At the beginning of Sr Ortega's tour, Mr Mikhail Gorbachev, the Soviet leader, promised that Moscow would help Nicaragua with its urgent economic problems and agreed to set up a commission to co-technological co-operation C H ordinate economic, scientific and technological co-operation between Moscow and Managua.

Sr Ortega said the embargo would have "a very serious effect" on the Nicaraguan economy because of its dependence on spare parts and machinery from the U.S. He noted that East European aid would include these products.

His talks with Herr Erich David White adds from Madrid: Sr Ortega is expected in Madrid today on his first visit to a Western country since the the U.S. announced its trade embargo.

Sr Felipe Gonzalez, Spain's Prime Minister, will inform President Ortega about his talks with President Ronald Reagan earlier this week concerning Nicaragua.

Reuter reports from Geneva: The General Agreement on Tariffs and Trade is calling a meeting to discuss the U.S. economic sanctions against Nicaragua, a Gatt spokesman said yesterday.

The council meeting will be held at Nicaragua's request on May 29, he said.

Efta presses for preliminary Gatt talks

By Patrick Blum in Vienna

THE European Commission and the European Free Trade Association (Efta) are pressing for a major meeting of senior officials from all General Agreement on Tariffs and Trade (Gatt) countries to take place this summer to establish the main themes of a new Gatt round. This was announced yesterday at the close of Efta's 25th anniversary meeting in Vienna.

Mr Per Kleppe, Efta secretary-general, said after the meeting "the Commission and Efta fully agree on this," adding that it would be up to Gatt to make the final decision.

M Jacques Delors, European Commission president, who attended the conference, said that the preliminary Gatt meeting would be held between July and September.

Polish criminal code changed

POLAND's parliament yesterday passed controversial changes in the country's criminal code, to tighten repression against criminals and make it easier to punish political opponets, Christopher Bobinski reports.

The changes, some of them permanent and others to last until 1988, have met with opposition from legal experts and in parliament yesterday a group of about 20 dissenting deputies either voted against or abstained.

The amendments bring in higher fines for demonstrators and make it easier for fines to be paid by well-wishers, as often happens. Summary procedures are also to be introduced for the articles of the criminal code, most commonly applied against Solidarity supporters, which forbids membership of an illegal organisation.

This will curtail the defendants' rights, speed up procedures and avoid excessive publicity.

UK NEWS

Brokers link as prelude to Citicorp merger

By John Moore, City Editor

SCRIMGEOUR Kemp-Gee and Vickers da Costa (UK), the stockholders, will start trading as a joint company from Monday in another step in the proposed merger of the two brokers with Citicorp, the U.S. banking group.

A company called Scrimgeour Vickers and Company is to be established. The arrangements will be completed today.

Citicorp International Bank has a 29.9 per cent stake in the merged operation. It intends to raise its stake to 100 per cent in the merged broking unit once Stock Exchange rules limiting outsiders to a 29.7 per cent stake are relaxed.

Scrimgeour Kemp-Gee said yesterday there had been a big strengthening of research effort for the combined operation. A new property research team has been created, following some departures at Scrimgeour. Mr Adrian Elwood, from County Bank, Mr Alex Pelmore, from De Zoete & Bevan, and Mr David Jones, ex-deputy editor of the Estates Times, have been recruited.

Mr Tim Clarke, the former senior banks analyst at Grieveson Grant, the stockbroker, has joined the banking research team. Ms Lesley Anne-Murray has joined the traded options team from Capel-Cure Myers, the stockbroker.

Mr John Hewitt, joint head of research, said yesterday: This is by no means the end of our recruitment plans. We are currently in discussions with a further three senior analysts to add to existing strengths. We feel that the era we are entering in the City will continue to make good people gravitate towards leading operators.

In the merged operation over 360 staff of Scrimgeour will be working with about 70 staff of Vickers (UK).

Social security deters enterprise, says Lawson

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

BRITAIN'S social security system was an encouragement to idleness and irresponsibility, and a discouragement to initiative and enterprise, Mr Nigel Lawson, Chancellor of the Exchequer, said yesterday.

He told the Scottish Tory Conference in Perth that the comprehensive review of social services approved by the Cabinet on Thursday was designed to reverse the situation.

"We must ensure that all this money is well spent; that it goes to people in real need. And that it is not spent in a way which discourages initiative and enterprise."

That was why the review conducted by Mr Norman Fowler, Social Services Secretary, was so important. The review would be widely criticised—an outcome he sought to pre-empt.

"I would just say this: when all the critics start their special pleading, ask yourselves these questions: can we afford a system with open-ended commitments and commitments quite unrelated to the performance of the economy and the creation of wealth?

Can we afford a system which encourages idleness and irresponsibilty and discouragea initative and enterprise? And can we do justice to the really needy, if we extend benefits to those well able to look after themselves?"

Mr Lawson, replying to mounting criticism from within the Tory Party over the Government's failure to reduce the unemployment levels, insisted that there was no alternative to his economic policies.

"Removing controls, encouraging initiative and making room for tax cuts is the only way to tackle the scourge of unemployment," he said.

"What we are doing is to create a climate in which business and industry can invest and expand, in the knowledge that their profits will not be eaten away by inflation, or taxed out of existence."

The fruits of such policies were beginning to show. The economy was entering its fifth year of strong growth, outperforming both France and Germany. It had not yet caught up with Japan and the U.S., it was because public expenditure as a proportion of GDP in those two countries was the lowest in the West.

Brittan dismisses Tory qualms

BY MARGARET VAN HATTEM

INDICATIONS of rising discontent on the Tory backbench over the Government's failure to reduce unemployment were dismissed yesterday by Mr Leon Brittan, Home Secretary. He said the unemployment issue posed a problem of presentation rather than of policy or performance.

Mr Brittan said on BBC Radio 4 that the Government would have to try harder to explain and clarify its policies. But recent criticisms of the Government's failures in that area by senior figures, including Mr Peter Walker, Energy Secretary, and Mr David Howell and Mr Ian Gilmour, former Cabinet ministers, together with a BBC Newsnight poll indicating that 44 per cent of backbenchers supported their views, were "not cataclysmic."

"They would say that people always feel that." Mr Brittan said. "There is no magic solution, there is no easy alternative — but we must all do better in the way of presentation. It's not a question of softening or hardening our policies, but of clarifying them."

Mr Patrick Cormack, Tory MP for Staffordshire South, speaking earlier in the same programme, accused the Government of never having had a grip on the problem of unemployment.

He said in a speech last night in his constituency that the Government should set targets for cutting unemployment — starting with a cut of 500,000 over the next 18 months.

"There is no hiding the fact that many of the Government's natural supporters are increasingly concerned by what they see as an unimaginative *laisser faire* attitude to the greatest social problem of our time."

Government supporters were tired of the old cliches about there being no alternative to present economic policies. Mrs Thatcher should reshuffle her Cabinet, removing some of those whose views coincided with her own, but who were not fitted for the highest office, and bringing in more who were prepared to voice the sort of constructive criticism voiced by Mr Walker, Mr Cormack said.

Anger at killing of kerb-crawling Bill

BY KEVIN BROWN

TWO BACKBENCH Conservative MPs were angrily criticised by a fellow MP and a Home Office Minister yesterday after they combined to kill a private members' Bill intended to clamp down on kerb-crawling.

The Sexual Offences Bill, promoted by Miss Janet Fookes (Con, Plymouth Drake), ran out of parliamentary time after determined opposition from Mr Matthew Parris (Con, West Derbyshire), and Mr Tony Marlow (Con, Northampton North.

The Bill was based on recommendations by the Criminal Law Review Committee, and had strong Home Office support.

It would have outlawed soliciting from a car; introduced a maximum fine of £2,000 for soliciting in a frightening manner; and increasing penalties for attempted rape and indecent assault.

Miss Fookes accused her colleagues of killing the Bill by tabling a long series of amendments which there was insufficient time to bale, and by filibustering on the floor of the Commons.

Mr David Mellor, Home Office Under-secretary, described the fate of the Bill as "thoroughly unreasonable." He said agreement had been reached with Ms Jo Richardson, Labour's spokesman on women's affairs, on amendments to parts of the Bill on which she had reservations.

He was distressed that the Bill bad been killed by "two unrepresentative opinions," and warned that there was no chance of a Government Bill in the next parliamentary session.

Mr Parris urged the Government to bring in a comprehensive Bill dealing with the whole issue of prostitution and soliciting. Mr Marlow said it was bad Bill which could have endangered innocent people.

National Savings rates to rise

ANOTHER SIGN that interest rates are likely to remain high for the immediate future came yesterday with the announcement of higher rates to be paid to National Savings investors.

The Department of National Savings announced that from Sunday it is raising the rates payable on income bonds and deposit bonds from 12.75 per cent to 13.25 per cent (gross).

The new rates are the highest to be offered by national savings for three years, and have been made with Treasury approval.

The rates will not have a direct effect on the building societies, who are already paying higher rates.

Bacardi aims new drink at young adults

By David Churchill, Consumer Affairs Correspondent

BACARDI rum, the privately owned producer of the world's best-selling spirits brand, yesterday launched its first new product in the UK since the original Bacardi rum drink was developed more than a century ago.

Bezique is intended by Bacardi to capture a substantial share of the growing demand for new drinks from Britain's young adults, who spurn what they see as "old-fashioned" drinks such as beer and established spirits in favour of drinks with less alcohol and a lighter taste which have been given a "trendy" image through extensive advertising.

Bezique is made from an undisclosed formula and is described as a "clear, crisp, tempered spirit with a citrus twist." The drink was test-marketed in Scotland late last year and yesterday was launched nationally with a £3m marketing budget including extensive television advertising.

"We hope it will become another Bacardi rum," said Mr Juan Prado, a senior vice-president of Bacardi International. "It is our first serious attempt world-wide to launch a new product and represents a major initiative for our company."

Bacardi rum was developed in Cuba in the middle of the last century by the company's founder, Don Facundo, whose process turned the harsh and coarse rum of the time—made by distilling sweet molasses—into the more mellow spirit drunk today.

Bacardi became one of Cuba's largest companies — until Dr Fidel Castro came to power in 1960 and promptly nationalised the rum distilleries. The company moved to Bermuda and fought a fierce legal battle to retain ownership of the Bacardi trade mark.

Bacardi rum is sold in 173 different world markets and produced in nine distilleries with a further eight bottling plants throughout the world.

Although Mr Prado insisted that Bacardi still had plenty of growth left itself — in 1980 it ousted Smirnoff as the top selling spirit brand world-wide — he said the company was anxious to move into new markets. "Since we left Cuba, the business has been growing so fast that we have not had the time or resources to look for new products," he said. "Now we are determined to take advantage of our reputation and explore new products."

Bacardi chose the UK as the launch-base for its first new products because the size of the market made it more manageable, compared to the U.S.

Test-marketing in Scotland late last year convinced Bacardi of its potential. Among 18 to 24 year olds, the prime target, about 27 per cent have tried the drink and four out of every 10 of these are repeat drinkers.

Bacardi hope that Bezique will compete with vodkas and vermouths rather than the more fickle speciality drinks and liqueurs market. "We don't think it will harm our rum and main Bacardi brand," insists Mr Prado. "We wouldn't have launched it if we thought that might happen." Bacardi's strategy is that young drinkers will be coaxed from Bezique to Bacardi as they develop their drinking babits.

Ex-director attacks Government policy on Austin Rover

BY JOHN GRIFFITHS

A SCATHING attack on the Government's attitude towards Austin Rover and the UK car industry has been made by Mr Brian Fox, the company's former director of vehicle manufacturing, who left Austin Rover about 10 days ago, it was disclosed yesterday.

Mr Fox said that he had not resigned from Austin Rover as a direct protest against the Government's insistence on £250m cuts in BL's proposed 1985 corporate plan, but disillusionment with the Government's attitude and its encouragement of Japanese car makers into the UK had been a significant factor.

Mr Fox, 47, who had been with Austin Rover for 12 years, said that he was leaving the motor industry altogether. He had several offers of jobs.

He described the Government's attitude as horrific and claimed that Austin Rover's success, first instituted by Sir Michael Edwardes, had proved an embarrassment to the Government.

"They wanted the company to grovel, to turn out as a lame duck so that they could shut it down and the population could heave a sigh of relief and cheer the Government for doing so. It hasn't happened," Mr Fox said.

"The company is a success and has a good future. I believe it should warrant the Government's support, and that isn't happening." It was "indicrous to allow the Japanese to set up plants in the UK. It's like a fighter letting his opponent limber up in his own back yard, knowing that he's going to get punched on the nose."

The corporate plan was a sensible business strategy for the next five years. The Government should evaluate it as a business plan and ensure that whatever funding was needed was made available.

He was not opposed to collaboration with the Japanese, as had already occurred between Austin Rover and Honda, but it was extremely short-sighted of the Government to resist the company's planned £250m investment in a new small engine range, the K series, to preserve Austin Rover's engineering integrity, particularly when Continental governments were lending substantial support to their own car industries, Mr Fox said.

UP TO 11,000 West Midlands motor industry jobs could be lost if the Government refuses BL's plan to develop a new car engine and gearbox, Mr Dan Jones, senior research fellow at Sussex University's Science Policy Unit, said yesterday.

If the Government insisted BL's Austin Rover lopped £250m from its investment budget and the engine development went to Honda of Japan instead "that would tear the heart out of the business. Austin Rover would cease to be a major car maker. It would be a national disaster," Mr Jones told a West Midlands County Council seminar on industrial decline.

However, if Austin Rover achieved a vehicle output of 550,000 by 1988, West Midlands could expect a net gain of 3,500 jobs even if the proportion of imported components in the car rose from the current level of 15 to 20 per cent.

Chairman of Rolls-Royce urges early privatisation

BY LYNTON McLAIN

THE SOONER Rolls-Royce is privatised the better, Sir Francis Tombs, chairman of the state-owned aero-engine maker, said yesterday. The company is likely to be sold before the next general election in autumn 1988.

Privatisation was welcome and overdue, he told delegates at a RR management and trades union forum at Solihull, Birmingham. This was Sir Francis's first speech to Rolls-Royce staff since he became chairman three months ago.

Everyone had always known that the Government wanted to privatise RR during the present Parliament, and possible timescales were being looked at.

The Government has at least three major privatisations in the next 18 months — British Gas, British Airways and Royal Ordnance. The private view at Rolls-Royce is that the company is likely to be one of the last of the big sales before the election.

The company is striving for big profits this year and next to build on the £26m pre-tax profit last year, its first for three years.

Rolls-Royce is thought to be seeking to raise pre-tax profits to 10 per cent of turnover, or about £140m on the basis of last year's turnover. The profit last year was a "pretty rotten return," at 2 per cent of turnover, Sir Francis told delegates.

April vehicle production up compared with year ago

BY JOHN GRIFFITHS

CAR and commercial vehicle production last month continued at well above levels at the end of last year, according to provisional estimates from the Department of Trade and Industry.

Seasonally adjusted car output rose to 89,000 units from 75,000 in April 1984 and, in the latest six-month period, is 3 per cent up on the previous half year.

Much of the improvement is attributed to increased overtime to allow for restocking after the industrial disputes which affected Ford—notably the six-week sewing machinists' strike —BL and Vauxhall towards the end of last year.

Another factor is that at the beginning of last year, manufacturers expected a considerable downturn in the market after the record year of 1983. They thus restrained output and took vehicles from stock. In the event, the market remained buoyant well into the year.

Race begins for British Gas fees bonanza

By Dominic Lawson

THE CITY'S race to share the lucrative fees to be generated by the privatisation of the British Gas Corporation has begun.

The Department of Energy yesterday set a deadline of next Thursday for the handing in of applications from merchant banks and other concerns wishing to advise the Government on the biggest privatisation exercise to date.

A broker said: "The fees for this sort of work are very generous and, on an issue of this scale, enormous."

The underwriting fees are usually about 1.5 per cent of the value of the offer. If the Government offered all the corporation's equity in one go, underwriting fees of well over £100m would be in prospect.

The TUC estimated in a report published this week that City institutions so far had received privatisation fees of at least £128m.

A front-runner for the key job of handling the offer for the Government is Kleinfort Benson, which acted for the Government in the privatising of British Telecom last year, the only public asset sale of comparable size.

Further competition is in prospect for the task of acting for British Gas. Morgan Grenfell is a strong candidate because it has acted for the corporation in other financial deals.

● Prospects of an important oil discovery in the North Sea emerged yesterday after reports that Phillips, the U.S. oil company, bad encountered an oil bearing zone well over 1,000 ft thick. The well, in block 16/12B, has not yet been tested.

Engineering group to axe 200 jobs

By Ian Rodger

MARKHAM, a Chesterfield-based engineering company, is cutting its 500 workforce by 200 because of difficult trading conditions in its main business, building large metal fabrications.

The company, a subsidiary of the John Brown group with annual turnover of about £12m, has suffered losses in each of the past four years, and could not foresee any significant increase in the level of business it could attract.

Markham makes water turbines, controllable pitch propellers for ships, usually on a sub-contract basis, and mining and tunnelling equipment.

Mr W. H. Taylor, managing director, said the company in its reduced form would have a better opportunity of competing for profitable business. "I am also confident that the new structure will offer greater security for the remaining 300 employees," he said.

The job losses would be taken from all levels of staff and employees.

Barclays to charge non-customers more

By George Graham

BARCLAYS BANK is to make customers of other banks pay more when they use its branches from June 3.

It will raise the weekday charge for cashing a personal cheque from 50p to 75p. The charge for paying money in will remain 40p.

Barclays charges £2 on Saturday mornings for non-customers

Bundesbank chief warns of too rapid change

By Peter Montagnon, Euromarkets Correspondent

A FRESH warning about the risks inherent in the rapid pace of change in financial markets was given by Herr Karl-Otto Poehl, president of West Germany's Bundesbank, yesterday.

Herr Poehl said in London that the German central bank shared the view of the Bank of England that financial innovations, such as debt swaps and euronote issuance facilities, had led banks to accumulate underwriting and other off-balance sheet obligations on terms that did not properly reflect the risks involved.

Taking up a recent theme of other central banks—including the U.S. Federal Reserve—Herr Poehl said central bankers should not go along with every development and innovation.

He made it clear, however, that the authorities were not opposed to any form of change.

April steel figures

THE FIGURE for UK average weekly steel output in April in yesterday's editions was incorrect. The correct figure was 343,600 tonnes.

Terms altered for monopolies probe of BAA

By Lynton McLain

THE GOVERNMENT has varied the terms of reference for the Monopolies and Mergers Commission's investigation of the British Airports Authority's commercial activities.

These are the authority's arrangements for duty free shops, public catering facilities, chauffeur driven car hire services, public car parks and other services to the public.

The variation is designed to clarify that the commission is required to investigate only the arrangements made by BAA with "third parties for the supply of goods and services to the public and to airlines."

Joan Gray looks at the problems of building an airfield 8,000 miles from home

Falklands airport emerges from rock and peat bog

THE BIGGEST problem facing the contractors building the £276m Mount Pleasant airport in the Falklands which Prince Andrew will open tomorrow was the distance—8,000 miles—from the UK.

Mr Wynn Kenrick, the project manager (UK) for the Laing-Mowlem-ARC consortium carrying out the work, said: "There was nothing very difficult about the construction itself. The problem was the sheer weight of details and organisation because of the distance.

"Even if you're working in the middle of a desert in Saudi Arabia, for example, you've still got an importer within reach where you can get things you need urgently like Caterpillar and Mercedes spare parts. But Stanley is so small you had to be self-supporting for everything, shampoo, nails, machinery, cement or timber, and from that point of view we could just as well have landed on the moon."

The contract has involved shipping down a fleet of 1,050 pieces of construction plant, worth a total of £25m and including 42 excavators, 45 shovels, 64 dumptrucks, 56 tipper trucks, 68 Land Rovers and 15 cranes.

It has also involved building sewage and water treatment facilities and accommodation for 2,200 workers and a canteen capable of feeding them all in an hour and a half.

Twenty-one shiploads of goods have already been delivered, including enough fuel to meet the project's requirements of between 450 500 tons of diesel a week, 00 cubic metres of concrete, 28,000 metres of precast concrete kerb, 320 km of cable, 1,550 tonnes of structural steel and 138,700 square metres of cladding.

Quarries have also been set up within reach of the airfield, to provide 2,000,000 tonnes of aggregates: 1.2m tonnes of tillite and 0.8m of quartzite, and with a total of 3,000,000 tonnes of rock being blasted.

As well as the distance, the other big problem the contractors faced was the speed with which the project had to be carried out. Contractors were asked to submit tenders in March 1983, with six weeks to submit their bids for the job.

"It's been very quick—under normal circumstances we would only have been starting on the site in the middle of 1986 and instead we were now got the runway in use," said Mr Dermott Boyland, the Property Services Agency's director of works on the project.

The speed of the operation continued right from the tendering stage when, as consortium's chief engineer Mr Denis Yell put it: "We only had five days to visit the islands and assess the problems involved to price the job" through the whole construction process.

Once the contract was awarded in June 1983, the first ships carrying supplies and the pioneers who were to start the work arrived at the island in November 1983; by December 31 1983 they had built a pioneer camp, road to the airfield site from the shore and started cutting turf for the runway which will be inaugurated tomorrow.

Mr Kenrick said: "In less than 16 months we've created an airfield for jets from scratch on rock and peat bog." Because of the speed at which the airport was required, the contractors had to start building before the design was finalised, starting off with just a hundred or so drawings for a project for which they have now received some 26,000 detailed drawings from the PSA.

The project, to be opened by Prince Andrew tomorrow, includes a two-mile runway and a six-mile road connecting it to the harbour being built to the south and another road connecting it to Port Stanley 30 miles away. There is a power station of about the same size as is needed to operate the 12,000-strong military township at Aldershot, secondary runway, some accommodation and aircraft hangars and fuel storage facilities, and navigation equipment.

Carrying out a project of this size—the completed airport will be about the same size as Britain's Luton airport—at this distance also meant the contractors had to acquire new skills such as organising shipping.

The contractors also had to consider the ecology of the islands. An independent research study suggested the airport would not effect the penguin colonies three miles away, and the airfield itself has been planted with unpalatable grasses to keep the local Upland Geese away and deter their flocks from offering a possible hazard to aircraft.

An unusual feature of the contract is that, since there is no sizeable pool of local labour, it is being carried out by expatriate workers from the UK.

"There was a lot of interest in the Falklands Islands because of the conflict, and a lot of men went overseas because of that, and have showed a real spillover of Falklands spirit in their determination to overcome all the problems," he said.

Mr Oliver Whitehead, the chairman of the joint venture, feels one way to avoid problems with such a large workforce separated from their homes and families is to "make sure there are not many idle hours."

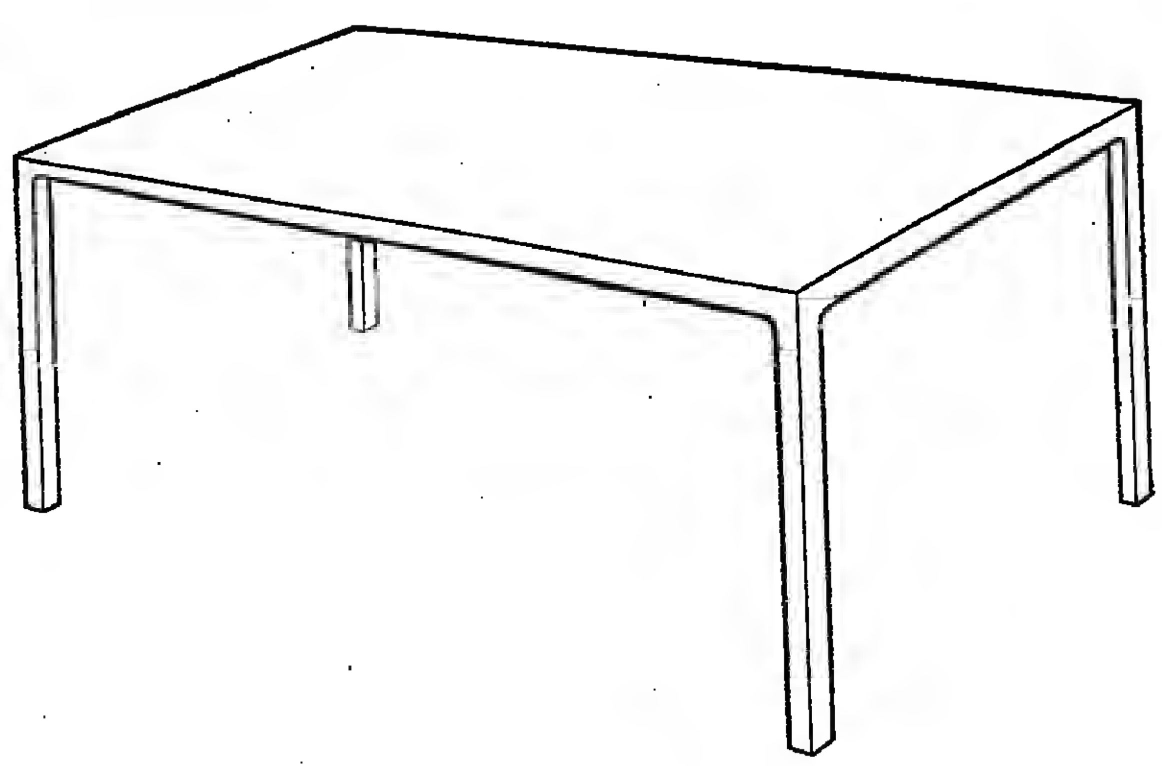
A contract requiring a 10-hour, six days a week makes a start—and there are also now more than 40 clubs on the island, offering attractions including walking, windsurfing and, on the local lakes, angling for trout, ornithological expeditions to the penguin beaches, a five-hole golf course soon to be upgraded to nine—next to be added, horse riding.

THE LATEST (April 1985) estimate for the cost of building the Mount Pleasant Falklands airport is £276m, an increase of £61m from the original £215m announced in June 1983.

The first escalation was to £250m in September 1984, largely as a result of the decision to expand the living accommodation on the airfield to enable joint use of facilities by the forces and adapt the contractors work camp.

The next costs jump was to £260m in January 1985, to encompass changes required for the installation of navigational aid equipment and an increase in shipping and design and development costs.

The increase, to £276m, announced in April results from adjusting the prices from their previous September 1983 base to September 1984 values.



UK NEWS

Travel agents try to ease Spain's tourism problems

BY ARTHUR SANDLES

SPANISH Government officials will be meeting a team of UK tour operators and travel agents in Madrid next week to seek ways of rescuing Spanish tourism from the impact of terrorist bombings, rising prices and stories of street violence.

The talks will also attempt to find an answer to arguments between the Spanish and UK charter airlines over demands that Spain's own airlines should have a much bigger share of UK charter traffic. The Spanish are seeking to limit UK charter flights in order to put British holidaymakers into Spanish jets.

The meetings come at a time when there is little sign of relief in Spain's tourism problems. The UK package tour industry is still showing bookings about 25 per cent down on the same period last year, with Spain taking the brunt of the depressed sales.

While Greece and Yugoslavia are rapidly filling their hotels with British and German tourists, the Spaniards are being driven into cut price deals with companies in order to drum up last minute business.

The team from the Association of British Travel Agents going to Madrid on Monday will meet several officials, including Snr Ignacio Vaffalio Tome, director general for the promotion of tourism.

From recent market reports, they will be able to tell the Spaniards that bookings are picking up in the UK, but not fast enough to produce anything but a poor season. Intasun, one of Britain's top three tour companies, said it had "seen a rush" of late bookings recently, but Spain was still suffering badly.

Intasun said: "We considerably expanded our capacity to Greece for this year, and are told that we are now the world's biggest tour company to that country, and it seems we made a very wise decision."

Trade indications in the UK are that the recent bombings have had very little direct effect on bookings in Spain, however.

There is much deeper concern about street violence and mugging. The Madrid authorities have already promised to move more police to the resort areas to deal with this.

On Majorca, which has not seen as serious a fall in bookings as some of the Costas, the local authorities have taken several steps, including improved policing.

● Bass is to merge its hotels and holiday operations into one company, Bass Hotels and Holidays, with the loss of "up to 100 jobs" phased over the next year.

The move brings together the management and administrations of Crest Hotels and Pontins.

Another Bass operation, Holiday Club International, was effectively moved to Horizon Holidays management under a recent deal which gave Bass a stake in that company.

TRANS-WORLD Airlines is to continue and greatly expand its discount tour operations from the UK to New York in the wake of demand which, in a year when the pound has been weak against the dollar, greatly exceeded expectations.

TWA's "Welcome back to the two dollar pound" programme, so called because of its accommodation and other discounts, has been extended from Manhattan to the whole of New York State. Return flight prices range upwards from £362 per person this summer. If three people travel together a free Avis car is included.

Mr Tim Brier, TWA's UK general manager, said the demand for winter season trips had been "300 per cent up on the number we had projected."

Dorchester appeal lost by Sultan of Brunei

THE SULTAN of Brunei, new owner of the Dorchester hotel in Park Lane, London, yesterday, lost his appeal against a temporary injunction granted to the management company, the Hong Kong based Regent International Hotels, allowing them to remain in control after he had tried to sack them.

Three Appeal Court judges unanimously dismissed an appeal by the Sultan's hotel company Pageguide, seeking to set aside Regent's 15-year management contract.

Leave to appeal to the House of Lords was refused, but it is still open to Pageguide to seek leave from the Law Lords themselves.

The interim injunction, granted in the High Court, allows Regent to remain as members of the Dorchester pending resolution of the contract dispute.

The battle for control of the hotel is said to have caused a revolt among the 600 staff who have been critical of the present management.

Regent's 15-year contract was part of the agreement signed by the Sultan when he bought the hotel from Regent for a sum well in excess of £40m four months ago.

Lord Justice Ackner said yesterday that the "balance of convenience" was clearly in favour of continuing with the present management.

In the High Court, Mr Justice Simon Brown had recognised rightly that Regent, with apparent success, managed a substantial number of luxury hotels, including at least two which were rated by one respected body among the world's top 12, the appeal judge said.

Mr Justice Brown had been entitled unhesitatingly to reject Pageguide's claim that no injunction should be granted because Regent could be adequately compensated by damages if the dispute were finally resolved in their favour.

Mr Rafel, an executive vice-president of Regent, had said their removal from the Dorchester management would have disastrous consequences.

They would find it extremely difficult, if not impossible, to secure the management of another London hotel.

Malcolm Rutherford reports on the steady decline of the by-election

Taking the poetry out of politics

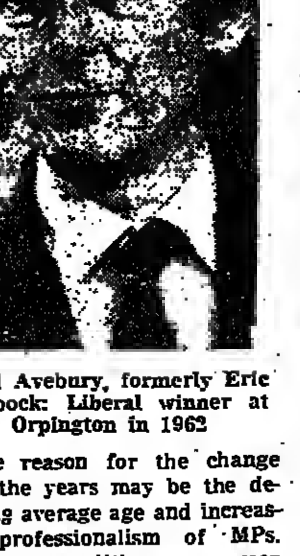
ANEURIN BEVAN said that public opinion polls take the poetry out of politics; so does the decline of the British by-election. It is not just that under Mrs Thatcher's premiership MPs have become leaner and fitter—the decline goes back much further.

By-elections used to be an essential part of British political life, full of fun and zest, the issue of the moment and, perhaps best of all, the unpredicted outcome.

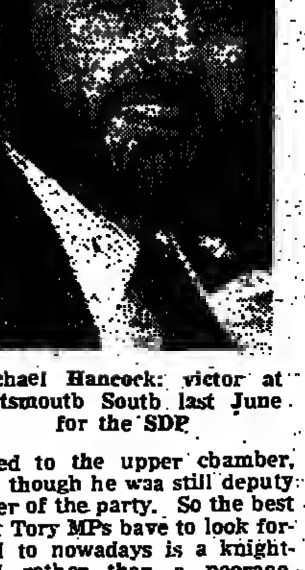
Between 1919 and 1939 there were an average of 18 a year. Between 1945 and 1970 the average had dropped to 11. By the period 1970 to 1984 it had fallen to six.

The Second World War distorts the statistics because there was no general election between 1935 and 1945. Still, it is striking that between 1918 and 1970 each parliament by the time it was dissolved had an average of 53 members who had come in at by-elections. Under Mrs Thatcher's first administration, which ran for four years, there were only 20 members who had not been there at the start.

There was only one by-election under the (now) Lord Wilson's administration in 1975 and only one again under Mrs Thatcher's in 1980. Both of these, incidentally, were in years immediately following a general election. The by-election caused by the death this week of Mr Tom Hooson, Conservative member for Brecon and Radnor, will be the first this year.



Lord Avebury, formerly Eric Lubbock: Liberal winner at Orpington in 1962



Michael Hancock: victor at Portsmouth South last June for the SDP

One reason for the change over the years may be the declining average age and increasing professionalism of MPs. They enter politics as a career and intend to stay there. Another is that there are fewer posts for them to proceed to — no more colonies to be sent to govern.

Elevation to the House of Lords, a past cause of by-elections, is also generally out. The Tories very nearly lost Penrith in the by-election of July 1983 after the sitting MP, Mr William Whitelaw, had moved to the upper chamber, even though he was still deputy leader of the party. So the best most Tory MPs have to look forward to nowadays is a knighthood rather than a peerage. By-elections are dangerous.

That is not solely a Tory conclusion. All governing parties seem to have become more wary of by-elections, at least since the Liberal victory in Orpington in 1962 and possibly since the Liberal victory in Torrington in 1958.

The Liberals — and now the Alliance — tend to be both the great winners and the great losers of by-elections. The more they win, the fewer by-elections seem to be held. They are almost obliged to win Brecon and Radnor to show that they are a serious force.

Yet the figures over the years do not enitrely bear out the theory that governments suffer unduly from by-elections in terms of seats. There were 795 by-elections between 1919 and 1970, of which 140 led to a seat changing party hands. There were 89 by-elections between 1970 and 1984, of which 24 led to a change. That does not suggest an enormous growth in volatility.

Besides, some of the seats revert to the original party at the next general election. Who now remembers that Ripon elected a Liberal in 1973, Ashfield a Tory in 1977, or that Mrs Margo MacDonald seemed to be sweeping Scotland before her when she won Glasgow Govan from Labour?

The incidence tends naturally to increase as a parliament wears on. There were 12 by-elections in 1973, the last full year of Prime Minister Edward Heath, 10 in 1978, the last full year of Mr James Callaghan, and eight in 1982 under Mrs Thatcher.

The general decline, however, is worth noting as a footnote to British politics. Political careerism and the dominance of the party whips have taken over. Some of the fun and the flexibility have gone. Nowadays a government hangs on for dear life or grim death; that is quite a constitutional change.

Mitigation cited as Posgate appeal ends

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE APPEAL by Mr Ian Posgate against findings of a Lloyd's disciplinary committee that he was guilty of discreditably conduct, and the committee's recommendation that he be expelled for life from the Lloyd's underwriting market, ended at the National Liberal Club yesterday.

Mr Posgate's counsel put forward mitigating factors for the appeal tribunal to consider should factors decide to uphold the findings.

Lord Wilberforce, a former Law Lord who heard the appeal, said his written decision would be given to Mr Posgate and Lloyd's in due course.

It will be confidential until it has been considered by the Council of Lloyd's.

Mr Posgate was held by the disciplinary committee to have accepted a Pissarro painting worth $90,000 and Swiss bank shares valued at $750,000, knowing they were intended to influence him to place reinsurance business through the Alexander Howden Group.

Mr Posgate, who has been suspended from the market since September 1982, claims the gifts were for services he had rendered to Alexander Howden Group and Mr Kenneth Grob, its chairman, and were not bribes.

The committee acquitted him of more serious charges of being a party to plundering, siphoning off funds and shuffling figures of the Alexander Howden Group.

Yesterday, Mr Robert Alexander, QC, his counsel, put forward mitigating factors in the event of Lord Wilberforce upholding the committee's findings:

● There has been no loss to Mr Posgate's "names" — the members of the Howden underwriting syndicates for whom he acted.

● The sale by Alexander Howden of the shares in Banque du Rhone et de la Tamise to a syndicate controlled by Mr Grob, 10 per cent of which were given to Mr Posgate, had not been at an under-value.

● Mr Posgate had been "under the domination of Mr Grob."

Mr Alexander said Mr Posgate had already suffered a very substantial penalty as a result of his suspension and the effect on his reputation.

Plan issued for Crown Prosecution Service

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A RECOMMENDED ground plan for a new Crown Prosecution Service , independent of the police was published yesterday by the Government.

A report commissioned from Arthur Andersen and Co, the management consultancy, envisages a staff of about 3,000 operating in offices throughout the country and headed by the Director of Public Prosecutions.

It generally accords with the views of the Government when it first decided on a new independent prosecutions system and recommends that the service should be divided into districts broadly comparable with existing police force areas.

Each district, headed by a Chief Crown Prosecutor, would be split into branches — about five to each police area — with staffs ranging from about nine to 60, depending upon the area.

Local prosecutors would be responsible for most criminal prosecutions—about 1m a year the reports expects—but decisions on cases involving large and complicated frauds, obscene publications and allegations involving police officers, would remain with the Director

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ECONOMIC DIARY

MONDAY: EEC Agriculture Council meets in Brussels. Local Government Bill in committee stages in Lords. IMF and African Central Bank governors hold seminar in Nairobi on "Africa and the IMF" (until May 15). BIS monthly meeting in Basle. GATT consultative group meets in Geneva (until May 14). Civil and Public Services Association conference in Brighton (until May 17). Society of Civil and Public Servants annual conference in Eastbourne (until May 17).

TUESDAY: Gulf Co-operation Council Finance Minister meet in Riyadh. Building Societies' monthly figures (April). Retail sales (April-provisional). Sixth session of the European disarmament conference in Stockholm.

WEDNESDAY: Average earnings (March provisional); employment, hours and unit wage costs. Mining unions meet NCB over pit closure programme. Burnham Committee discusses teachers' pay dispute. Local Government white collar pay talks. Latin American Economic System (SELA) Foreign Ministers meet in Caracas to discuss trade embargo against Nicaragua.

THURSDAY: London sterling certificates of deposit (April). UK banks assets and liabilities and money stock (mid-April).

FRIDAY: Tax and price index (April). Retail prices index (April). Public sector borrowing requirements (April). Index of output for the production industries (March).

BASE LENDING RATES

Allied Irish Bank	12½%	■ Hill Samuel	§12½%
American Express Bk.	12½%	G. Hoare & Co.	12½%
A.B.N. Bank	12½%	Hongkong & Shanghai	12½%
■ Henry Ansbacher	12½%	Johnson Matthey Bkrs.	13 %
Amro Bank	12½%	Knowsley & Co. Ltd.	13½%
Associates Cap. Corp.	13 %	Lloyds Bank	12½%
Banco de Bilbao	12½%	Edward Manson & Co.	14 %
Bank Hapoalim	12½%	Meghraj & Sons Ltd.	12½%
BCCI	12½%	Midland Bank	12½%
Bank of Ireland	12½%	■ Morgan Grenfell	12½%
Bank of Cyprus	12½%	Mount-Credit Corp. Ltd.	12½%
Bank of India	12½%	National Bk. of Kuwait	12½%
Bank of Scotland	12½%	National Girobank	12½%
Banque Belge Ltd.	12½%	National Westminster	12½%
Barclays Bank	12½%	Northern Bank Ltd.	12½%
Beneficial Trust Ltd.	13½%	Norwich Gen. Trust	12½%
Brit. Bank of Mid. East	12½%	People's Trust	14 %
■ Brown Shipley	13 %	Provincial Trust Ltd.	13½%
CL Bank Nederland	12½%	R. Raphael & Sons	12½%
Canada Permanent	12½%	P. S. Refson	12½%
Cayzer Ltd.	12½%	Roxburghe Guarantee	13½%
Cedar Holdings	14 %	Royal Bank of Scotland	12½%
■ Charterhouse Japhet	12½%	Royal Trust Co. Canada	12½%
Choulartons**		■ J. Henry Schroder Wagg	12½%
Citibank NA	12½%	Standard Chartered	‖12½%
Citibank Savings	¶12½%	TCB	12½%
Clydesdale Bank	12½%	Trustee Savings Bank	12½%
C. E. Coates & Co. Ltd.	13½%	United Bank of Kuwait	12½%
Comm. Bk. N. East	13 %	United Mizrahi Bank	12½%
Consolidated Credits	12½%	Westpac Banking Corp.	13 %
Co-operative Bank	*12½%	Whiteaway Laidlaw	13½%
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Dunbar & Co. Ltd.	12½%	Wintrust Secs. Ltd.	12½%
Duncan Lawrie	12½%	Yorkshire Bank	12½%
E. T. Trust	13 %		
Exeter Trust Ltd.	13½%		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptns.	13½%		
Grindlays Bank	‡12½%		
■ Guinness Mahon	12½%		
■ Hambros Bank	12½%		
Heritable & Gen. Trust	12½%		

■ Members of the Accepting Houses Committee.
* 7 day deposits 9½%. 1 month 10¼%. Top Tier—£2,500+ at 3 months notice 12½%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 9½% gross.
‖ 21-day deposits over £1,000 10¼%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 9¼%.

LABOUR

Legal action likely on TGWU vote

BY DAVID GOODHART, LABOUR STAFF

LEGAL ACTION is expected next Tuesday to try to force the Transport and General Workers Union to publish branch voting figures from last year's general secretary election and the re-run due to start on Monday. If the union refuese to co-operate an injunction may be sought delaying the re-run election.

Mr Declan Hughes, a 31-year-old farmworker from Kent, sent a letter through his solicitor to the TGWU on Thursday asking for the branch voting figures arguing that the union's rule 13 gives members the right to see them.

The significance of the figures is that they form the only real basis for checking aleged irregularities. It is far easier to check branch votes against how members say they voted than it is to try a simsilar check at regional level.

It is also possible to check on any irregularities between the branch totals and the regional totals.

Thus the release of the figures would give a far clearer picture of any alleged iregularities in the last ballot and also be a powerful disincentive to anyone considering tampering with the votes in the re-run.

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The TGWU last night made it clear that it would not willingly release the figures. Mr Moss Evans, the general secretary, said: "On the face of it, it appears that there has been a misinterpretation in the letter we have received of the union's rule 13."

It seems likely therefore that the union will defend itself in court probably on Tuesday.

A spokesman for Lawford and Co, the solicitors representing Mr Hughes, said that they would be asking the court to order disclosure if the union acts in contravention of its own rules.

He added that if that was unsuccesaful an injunction might have to be sought to stop the new election.

Mr Hughes has been campaigning for some months to try to get full publication of the branch voting results but with no success.

The Lawford's spokesman said: "Mr Hughes points out that at the moment union members have no way of knowing whether their branch submits any return at all and if so what was the turn-out and how many votes were cast for each candidate."

"He argues that one of the practical safeguards against malpractice is for those who are responsible for conducting the branch ballots to know that their members will be informed of exactly what has been done in their name."

Close race in contest for GMBU leadership

By Brian Groom, Labour Staff

MR DAVID WARBURTON appears to be running Mr John Edmonds surprisingly close in the early stages of the contest for the leadership of Britain's third largest union, the General Municipal and Boilermakers Union.

Branch nominations closed yesterday. Although final nomination figures are not yet known, a number of unofficial calculations are circulating within the union.

According to one calculation among supporters of Mr Edmonds, the public services national officer, he has been nominated by 321 branches representing 131,000 votes; Mr Warburton, the national chemicals officer, by 104 branches with 118,000 votes; and Mr Tom Burlison, the northern regional secretary, by 276 branches with 76,000 votes.

NO 22—8/8½

This view has it that the odds are 3—2 on for Mr Edmonds, evens for Mr Warburton, and 50—1 against Mr Burlison.

Calculations by Mr Warburton's supporters are in line with this view. Their figures, calculated earlier this week, suggested that Mr Edmonds had been backed by branches with 115,000 votes, Mr Warburton by branches with 107,000 votes, and Mr Burlison by branches with 70,000 votes.

Branch nominations are not necessarily a firm guide to the outcome of the election. Many of the union's 3,000 branches have not nominated anyone, and in the last leadership battle a number switched sides during the campaign.

However, they have more significance than in some unions because of the GMBU's branch block vote electoral system, in which all the votes of a branch are cast for a particular candidate once a decision has been made on which way to vote.

Voting in the election to succeed Mr David Basnett, the current general secretary, begins next month.

Mr Warburton's backers have been pleased by the breadth of support he has won from branches across the country and in different occupational groups.

They claim most of Mr Burlison's nominations have come from his own northern

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Women fishpackers win equality on pay

BY BRIAN GROOM, LABOUR STAFF

FOURTEEN female fishpackers in Hull have won equal pay with a male labourer in an important industrial tribunal case which is likely to encourage more women to come forward with such claims.

This is the second tribunal victory for women under the "equal pay for work of equal value" amendment to the Equal Pay Act, brought reluctantly into law by the Government in 1983 after a European Commission directive.

The first victory was by Ms Julie Hayward, a cook employed at Cammell Laird shipyard in Liverpool, who was awarded equal pay with a painter, joiner and thermal insulation engineer.

The latest case involved employees of F. Smales and Son (Fish Merchants). It is described in the forthcoming issue of the journal Industrial Relations Legal Information Bulletin.

The Hull tribunal ordered the fishpackers' pay to be increased by £5.82 a week, backdated to the beginning of last year when the new regulations came in. F. Smales said yesterday that it would not appeal against the ruling.

An independent expert appointed by the tribunal found that only nine of the women—members of the Transport and General Workers' Union—did work at least equal in value to that of the labourer, but the tribunal ruled in favour of all 14.

Equal value issues are such an expanding area that Industrial Relations Services, the company which publishes the legal bulletin, has just launched an Equal Opportunities Review, which will be published six times a year.

In the year since the law came into force, about 70 cases have begun. Only two have gone all the way through the procedure, partly because the legal machinery is complex and time-consuming, but there have been some out-of-court settlements.

A complaint by three female boxmakers that they were doing work of equal value to that of male casemakers but being paid less, prompted Pilkington Glass to settle by regrading the women's jobs and giving them two years' back pay and a lump sum of £400.

The new law allows workers to claim pay rises for work of equal value to that of other employees, even though the jobs compared may be quite different.

The workings of the amendment so far run directly counter to the Government's philosophy of allowing wages to find their market level.

Legal Information Bulletin 281; Equal Opportunities Review 1; IRS, 67 Maygrove Road, London NW6 2EJ. Available on subscription.

Vauxhall to recall 900 workers as talks continue

BY OUR LABOUR STAFF

VAUXHALL MOTORS is to recall from Monday 900 of the 1,800 workers who were laid off without pay at its Ellesmere Port factory, Merseyside, because of an official strike by 160 electricians.

Talks aimed at resolving the dispute, which the management feels have made some progress in the past two days, will continue at the plant over the weekend.

Vauxhall believes it can re-start production of at least some Astra cars by using a standby assembly line which does not employ the automated "Daleks," at the heart of the dispute.

The strike is about whether the computer system which controls the vehicles should be operated by electricians or, as at present, by white-collar production control staff.

The vehicles were introduced last year as part of Vauxhall's £65m investment in new technology for the launch of the new Astra model last October.

The strike began 10 days ago, and the company laid off the other workers last Tuesday night. It has been causing the loss of an average 400 Astra

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BT union set to endorse action on working hours

BY DAVID GOODHART

THE EXECUTIVE of the main British Telecom union has decided to recommend industrial action from September t following the failure to make any progress in talks with BT over a shorter working week.

The annual conference of the engineering section of the National Communications Union is next month expected to endorse the decision for industrial action.

In talks between the main engineering section of the union and BT, the management said that no reduction in working hours is possible this year, discuss new technology, working hours and manpower over the next 18 months.

That is not good enough for the left leadership of the NCU (formerly the POEU) which has put a lot of time and energy into promoting a broad strategy within the union which calls for a 32-hour week as the only way to deal with the manpower cutting new technology.

However, the industrial action strategy is likely to remain cautious in the light of the union's defeat in a head-on confrontation over privatisation in the international exchanges in

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Pit deputies end battle to save Bedwas

NACODS, the pit deputies' union, has given up its battle against the closure of Bedwas colliery, South Wales, and has advised its members there to seek transfer or redundancy.

The move came yesterday as the union began balloting its 17,000 members on a proposed overtime ban in protest at what it claims are closures without consultation. The result is expected on Thursday.

There is increasing bitterness in Nacods over the National Coal Board's decision to close pits which it says were damaged during the year-long pit strike without putting them through the colliery review procedure.

Mr Michael Eaton, coal board spokesman, insisted that there had been full discussions with the unions, a claim strongly denied by Nacods.

Mr Eaton added that the new colliery review procedure agreed with the deputies last year, which averted a national Nacods strike, was "sacrosanct." There should be a decision "very soon" on the setting-up of the new machinery, which includes an independent appeals body.

However, Mr Peter McNestry, Nacods general-secretary, said yesterday that the union would "refute completely" that there had been full discussions on the closures of strike-damaged pits. He accused the board of delaying talks on the procedure.

● Production at two South Wales collieries was at a standstill yesterday as a result of a row over alleged sabotage at a coal washery, writes Robin Reeves.

About 500 miners at Cwm colliery, mid - Glamorgan, walked out on Thursday after 110 washery workers had been sent home by management over an incident in which a conveyor gearbox was cracked by a nut placed in an oil-filler can. Yesterday some 600 miners at the Coedely colliery—linked to Cwm underground—were also sent home because of the dispute.

Management spokesman described the gearbox incident as the culmination of a series of irregularities which had affected coal production since the end of the miners strike.

Informal talks between the two sides failed to resolve the issue. Miners at both collieries plan to meet tomorrow to

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Kicking the sleeping dogs

THE SMALL, loyal band who regularly listen to Prime Minister's Question Time will have heard something new this week—a gentle-toned Mrs Thatcher essaying the soft answer which turneth away wrath. This is a calculated concession to the restiveness on the backbenches and in the constituencies about the Government's disappointing standing in the polls, and especially the flight of former Conservative supporters in the South into the arms of the Alliance. Alliance support is now beginning to clump in its areas of greatest strength, just like Conservative and Labour support, which could make third-party votes a good deal more effective in terms of parliamentary seats, and the fact has not been lost on the party managers.

The Conservative worriers are not likely to be much soothed by the Prime Minister's new style at the Despatch Box; for although they loyally say that the Government has excellent policies and simply needs better presentation and tone, they are worried by what the Government does and fails to do. Sir Robert Walpole, the great Whig grandee of the 18th century, used to recommend letting sleeping dogs lie. Mrs Thatcher, a 20th century Whig in much of her approach, clearly has no time. The sight of a sleeping dog clearly makes her toe itch.

The result is a controversial kind of activism which does not go with the new style, and a host of attendant political problems. The latest upheaval in metropolitan government has exposed the Government to a series of defeats by its own nominal supporters in the House of Lords.

New regime

Those who have always looked to Mrs Thatcher for radical change must welcome this burst of activity. Some of the changes, such as local government reform, have been ill thought-out, but there are important, if difficult, principles involved in pensions and local finance and a case can certainly be made for reform. What is harder to defend is the sheer pace at which all these issues are being tackled, both in rating reform and in the Government's other new drive, for privatisation. How will the Lords — and the more thoughtful voters — react to half-baked proposals on pensions or local tax, or for that matter to the proposal to privatise British Gas as a monopoly, instead of introducing competition, as Mr Nigel Lawson once promised?

For the markets this new regime of high-speed radicalism has two implications, neither of them very encouraging. First, the privatisation drive is going to impose a big burden on the equity markets rather soon, while phased pension reform will mobilise new savings for investment in the markets a good deal later.

The market has been drifting sideways ever since the Telecom issue and, indeed, has done worse if you net out the large gains in Telecom itself. This can hardly be called cause and effect; much else has been happening. All the same, it is suggestive, with huge new cash calls to come for Telecom itself, for British Aerospace, and later for British Gas, probably for British Airways, for more BP, and other lesser issues. For the markets, this is all of a different order of magnitude from the privatisation of the past, where most of the "special sales of assets," as they are officially classified, were council house sale.

Persuasive

In addition, the markets may before long begin discounting the possibility of a hung parliament, or even a Labour victory, between now and 1988. Indeed, the Government's new haste suggests that Mr Thatcher may secretly harbour the same doubts. The response is not likely to be dramatic; Mr Kinnock is nowadays almost as soothing as Mrs Thatcher is trying to be at Question Time; but the political factor may cloud the outlook for gilts just as the cash calls act as a brake on equities.

All this may seem to support the backbench contention that the Government might, to put it tactfully, find more persuasive ways to run for a third term. However, the outside must aways remember that the details of policies matter infinitely more to politicians than they do to electors. Electors look for results. It is fashionable at the moment to argue that they are judging the Government almost entirely by the unemployment numbers — which is odd because they have shown little signs of voting for job promises before. Perhaps, more simply, they are judging by inflation as they experience it—how far their money goes.

Here the key is interest rates. The rise in mortgage rates in recent months has been so steep that the average borrower has suffered quite a noticeable fall in standard of living. Here there is every reason for worried Conservatives to relax. The U.S. is beginning, though slowly, to tackle its deficit; a measure of tax reform would be still more helpful. The inexplicable money figures this month are so obviously distorted that some reversal can be forecast with confidence. And as rates come down, judgments of Mrs Thatcher's policies and even her voice are likely to become kinder.

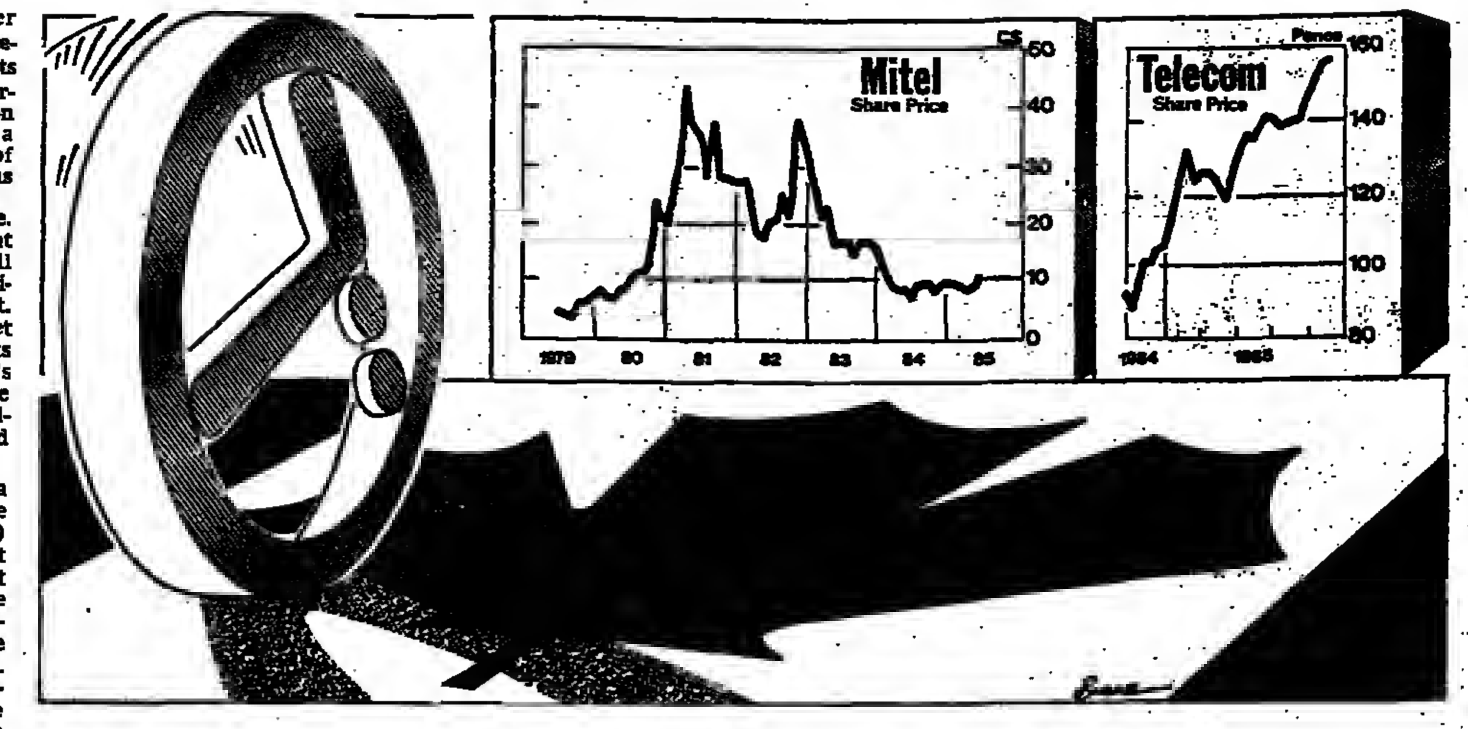
£180m CANADIAN BID

BT aims for the world stage

By Jason Crisp

BARELY six months after privatisation British Telecom yesterday made its first major foray into the international telecommunication arena. But its £180m bids for a 51 per cent stake in Mitel of Canada takes it into treacherous and difficult waters.

"It's a very aggressive move. There is absolutely no doubt British Telecom is going hell for leather for the North American market," says one analyst. BT has certainly made no secret of its impatience to extend its activities beyond Britain's shores and participate in the increasingly international business of telecommunications and information technology.



The purchase of Mitel—a leading supplier of private telephone exchanges (PABXs)—takes BT in two important new directions. First it gives it a substantial presence in the U.S., the world's largest, fastest-growing and most competitive telecommunications market. Second, it takes BT into large-scale manufacturing for the first time as Mitel has plants in Canada, the U.S., UK, Hong Kong, Germany, Mexico and New Zealand.

This move into manufacturing was causing considerable alarm yesterday among Britain's traditional telecommunications suppliers, such as Plessey, GEC Telecommunications and STC. BT has long been their most important customer and they have already lost some business in public exchanges as a result of BT's willingness to buy from overseas. Now they fear BT will inevitably buy more of its PABXs from Mitel. That would be particularly bad news for Plessey—whose share price dropped sharply on the news.

But BT's move also raises some major questions. Should it launch itself into the U.S. by entering the fiercely competitive equipment market? Is it wise to bid for a company which has been in such serious difficulties in the last three years? BT, after all, has absolutely no management experience in the problems of turning round companies in manufacturing on this scale, let alone in the North American market.

BT says that the purchase is a natural part of its strategy to become an international competitor in so-called information industries like office automation—the product of the growing convergence between telecommunications and data processing.

BT's argument goes like this. The distinction between services provided in the telephone network and by customer equipment is blurring rapidly and it needs to be strong in both. It knows how to provide network services, but its position in the equipment market is much weaker as it currently only resells other companies' products. The PABX, says BT, will be at the core of office automation—and is thus the key to the equipment side of the business.

Mr John King, director of strategy at BT, says it looked for a successful competitor in the North American market, first and foremost because of the level of innovation there. If BT is going to compete internationally, he argued, it must have the most advanced technology, and that is mostly being developed and marketed in the United States.

"We also need to increase our international business to compensate for the erosion of our core business at home where we will lose market share as a result of liberalisation," he adds.

The world markets for PABX equipment has been getting tougher, particularly in the U.S. where there is open competition. Mitel, which was one of the first companies to produce a low cost small analogue PABX, has seen its market share slip as more companies have entered its part of the market.

The leading competitors in the U.S. market include American Telephone and Telegraph, Northern Telecom of Canada, Rolm, Harris, TIE Communications and several Japanese companies led by NEC.

BT concedes that Mitel—one of the world's largest makers of small PABXs—was virtually the only remaining independent company which it could buy with a successful record in the U.S. PABX market. Ironically, International Business Machines, the American computer giant, flirted briefly with Mitel two years ago and might have taken it over.

IBM—the undisputed leader in the new information industry—was particularly interested in Mitel's large and powerful digital exchange the SX2000 which would complement its own expertise in data processing. A joint technological and product development agreement with IBM marked the high-point for Mitel.

That link was broken off abruptly without official explanation and IBM immediately bought a stake in Rolm, a highly successful Californian PABX company, instead. Since then, IBM has taken over Rolm. The failure of the link with IBM is thought to have been the result of Mitel's considerable problems in developing the SX2000 which has proved to be one of its biggest headaches. Several other companies, including Britain's GEC and Hewlett-Packard of the U.S., have shown interest in acquiring Mitel in the past.

BT acknowledges that it does not have the management experience to deal with Mitel's particular problems. After the formalities of the bid have been completed it expects to hire some new managers who will be recruited in the U.S.

"You should not assume that the Mitel management team is poor. It's a company which has been run by a couple of outstanding, energetic entrepreneurs which has run into the typical problems many fast-growing companies experience turning into a big business," says Mr King.

"Mitel is very good at development which we can support both financially and technically. You also cannot say they are bad at manufacturing as the company has a good track record of low-cost production of high quality equipment. There is much they can teach us about manufacturing."

The purchase of Mitel will clearly affect BT's future relationship with its existing suppliers. At present it supplies PABXs to the UK market which are made by Mitel itself, Plessey, GEC Telecommunications and TMC which is part of Philips.

Two of the smaller exchanges it sells were developed by its own research laboratories and given to traditional suppliers to manufacture. Any future BT developments will now be done by Mitel.

While there is still only limited competition in the British PABX market, BT is showing every sign that it will retain a very large share of it. In view of this, BT is most unlikely to restrict itself to Mitel's range and will continue to sell products made by other companies. But Mr King warns: "The British companies have to face up to the fact that they must offer competitive products."

The Mitel deal will be BT's third—and by far its most important—move into North America. Earlier this week it paid C$20m for CGT of Toronto, which instals private communications networks. It also has a 49 per cent stake in Centel which markets BT's City Business System to market traders in the U.S.

Although BT is likely to take a while to digest Mitel, it is expected to make further acquisitions or establish joint ventures in the U.S. The next move is likely to be into the data-processing side of the information industry where it currently has virtually no presence.

"The step into PABXs is only the first in a series of incremental moves in becoming an information company rather than a telecommunications one," says Mr King.

MITEL: TECHNICAL FLAIR, BUT THE GLAMOUR HAS FADED

A CORPORATE helicopter used to ferry Terry Matthews and Michael Cowpland from Mitel's sprawling headquarters in suburban Ottawa to the cluster of company plants in Eastern Canada and the North-East U.S.

It is a sign of Mitel's severe problems that the helicopter has been sold and some of the plants mothballed. Mr Cowpland and Mr Matthews, the company's flamboyant founders, have disposed of substantial blocks of their shares and, although still chairman and president respectively, take a much less active role these days in Mitel — a name which supposedly originated as an abbreviation of Mike and Terry's lawnmowers, their first business venture.

The last few years have been sobering ones for the company after a decade of heady growth which made it Canada's second largest manufacturer of telecommunications equipment (after Northern Telecom) and a favourite stock among North America's high tech analysts.

After boosting profits more than seven-fold between 1980 and 1982, Mitel has suffered losses of C$64m in the past two years. Its debt totals several hundred million dollars.

Despite its recent troubles, the company retains substantial strength. It has a 75 per cent share of the world market for small PABXs of up to 130 lines, and a strong international presence, including plants in Puerto Rico, Hong Kong, West Germany, Mexico and New Zealand.

Recent orders have included a C$4m contract from the Zimbabwe Government for telephone switching equipment and earlier this year Mitel received approval from authorities in Australia to connect its communications work station to the public voice and data network.

Mitel posted its first quarterly profit in 15 months, in the three months ended February 22 but, as one Toronto securities analyst puts it: "The company has dug a deep hole and has fallen in head first."

The immediate cause of the troubles was the high cost of developing the SX-2000 digital switch, Mitel's first venture into the market for large PABXs. Research and development spending shot up from C$5m in 1980 to C$68m, equal to more than one-fifth of total revenues, in fiscal 1984. After long delays SX-2000 deliveries began at the end of 1983.

Behind the SS-2000 debacle lay a management more suited to churning out ideas than controlling a substantial multi-national company. Mr George Gilmore, the former U.S. army officer who was brought in from the management consultancy McKinsey last year to tighten Mitel's financial and administrative organisation, said shortly after his appointment that "what we are trying to do is to bring a change of culture, which brings some management disciplines to build on to the company's entrepreneurial strength."

The latest financial results indicate that substantial progress has been made. Profits in the three months to February 22 were modest at C$64,000, but that is a vast improvement from the C$25.2m loss a year earlier.

Inventory levels have dropped by 20 per cent in the past year, and capital spending has been cut by two-thirds. Over 130 SX-2000 machines have been shipped, most of them to Britain.

The injection of cash from British Telecom will enable Mitel to repay a large chunk of its debt and provide a base for future growth.

Stiff challenges still remain. Competition in many of the company's markets has intensified and Mitel expects to post a loss during the current quarter.

The company says that the favourable trend established in recent months should then continue. However, before the British Telecom deal, analysts thought that Mitel would be lucky to break even this year.

Bernard Simon
Toronto

Man in the News

SIR DENIS ROOKE:

Mighty baron of British Gas

By Sue Cameron

SIR DENIS ROOKE, the man characterised as the wicked baron of the public sector, lifts his great head and cries in a tone of injured innocence: "Nobody understands me."

Eh?

"Well," he says, "All your questions seem to predicate the idea that I think I'm the best thing since sliced bread. I'm not. I've never met anyone who couldn't be improved, who couldn't do a job better. And I think that of myself.

"I haven't changed in the 36 years I've been at British Gas—August 15, 1949 it was when I joined the permanent staff. My life is about this business. And I'm a professional. If they think I'm doing it wrong, why don't they get rid of me?"

By this time, Sir Denis, chairman of British Gas and scourge of the politicos for the better part of the last decade, has switched back to his more normal "bruiser" mode. Certainly, the picture of a sadly misunderstood man is not one which colleagues, friends or enemies would usually recognise.

The Government confirmed this week that British Gas is to be privatised. Some believe Sir Denis engineered a great coup in keeping his empire intact. But top officials point out that the Treasury wanted a large sum of money and it wanted it quickly. The only way to meet both objectives was to sell off British Gas in one piece. Sir Denis may be cordially disliked in some parts of Government, but nobody doubts that the corporation will be in good hands.

"He's a big man—and not just physically," says one civil servant who used to have to deal with him. "He formed British Gas and by anybody's reckoning it is successful. But at times he does give the impression that its not the nation's gas or the consumer's gas or the Government's gas but Denis's gas. And I think he can be almost physically terrifying to some of those who work for him. He has surrounded himself with people who are basically frightened of him. He's not politically adept, either." Sir Denis himself does not pretend to be a politician. He has no time for politicians as a breed

His reputation for bullying and for intransigence is legendary in all the energy industries and—even more—in Whitehall. Which is perhaps a pity. Not because the reputation is undeserved. Quite the contrary. But because his hovver boot image tends to mask the real extent of his achievements.

Anyone with any knowledge of the gas industry recognises—albeit grudgingly in some cases—that Sir Denis is a great engineer.

His first degree from London University was in mechanical engineering, but he later did a post-graduate diploma in chemical engineering. After army service in India he came back to a job in the gas industry. He says he always intended to go into the chemical industry. But at the time he was newly married, he needed work—and he managed to negotiate what was then considered an excessively high rate of pay.

He went to the U.S. where a team of people were working on the technology that would enable liquefied natural gas (LNG) to be carried in ships for the first time. Sir Denis was sent merely as an observer. But, like any true pirate, he promptly took over

One result of this single-minded success was that British Gas — then the Gas Council — was able to sign a contract for supplies of LNG from Algeria But at the time, Britain's gas distribution networks were all separate from each other. Sir Denis set about connecting them up. This was the basis of the later work he was to do in building the national grid after the discovery of the North Sea gas.

But before the discoveries in the North Sea, the gas industry went through a bad patch. Sir Denis played a key part in switching from relatively expensive coal to oil — then very cheap — as a base. Gas prices even dropped in some areas. And in the first half of the 1960s the gas industry captured the lion's share of the central heating market.

He reckons one of the main reasons he commands such loyalty from his staff is that every fitter knows Sir Denis could do his job. When the Government wanted to force British Gas to sell off its showrooms, the workforce threatened to strike to stop it.

But what of the accusation — widely levelled — that he surrounds himself with senior managers who are yes-men?

"Well if you want to go in for that sort of thing," he says, the aggression level rising almost visibly," you need look no further than Downing Street. Yet a few minutes later he says: "Maybe its partly true. But I don't do it deliberately. And people who work with me have a much longer rein than in most industries.

Saying no to Sir Denis tends to be an explosive business — particularly for politicians and civil servants. There are stories of how he used to hold regular dinners for senior officials. The food was excellent, the wine was of the best but the weapons for the engagements were bludgeons, not rapiers. The more fastidious of the mandarins hated every moment.

There is a widespread view in Whitehall that if Sir Denis were a little more flexible, he might sometimes achieve more of his objectives with Government.

"I believe we were right to develop both our onshore and offshore oil interests — and we didn't even need their blood money to do it. Yes, we had to give 'em up but that," he says with a snort, "was politics not rationality."

He says he is neutral about whether BGC is owned privately or by the state. The key thing, for him, will be whether or not "they" get the regulatory framework right.

When not building great works or demolishing fragile egos, he devotes most of what spare time he has to the cause of science and education. He is a past chairman of the Council for National Academic Awards, a trustee of the Science Museum and Master of the Worshipful Company of Engineers which he helped to found.

More frivolous pursuits?

He mentions music and opera, and mutters about "mowing my lawn. I'm not against the quality of life and they need to be off and play golf—the trouble with them is they never actually achieve things."

ONE NIGHT in Bonn last week, a very upset young West German woman pulled out her identity papers and insisted that the assembled company of Americans, British and Germans examine her birthdate. It was 1952.

"How can I be a Nazi?" she demanded. "The Americans think we're all Nazis."

She happened to come from near Bitburg, the site of the now renowned German war cemetery that President Ronald Reagan visited briefly amidst a storm of controversy on Sunday.

But anyone travelling round West Germany in the last few days would have discovered plenty of people who knew what she was talking about. And had it not been for Mr Reagan's visit—or more precisely the agreement by Mr Reagan and Chancellor Helmut Kohl, to mark the 40th anniversary of VE Day with an act of solemn reconciliation—she would not have been saying the things that she did.

Bitburg and after

Mr Reagan treads on the ghosts of the past

By Reginald Dale, U.S. Editor, in Lisbon

Ronald Reagan

As Mr Reagan headed back to Washington on Air Force One from Lisbon yesterday, still showing what Mr Donald Regan, his Chief of Staff, described as "remarkable resilience" after a gruelling ten days on the road, it was difficult not to ask whether his journey had been really necessary—whether he might not have done, to himself and to others, more harm than good.

Mr Reagan had spent the best part of the last two weeks—with varying degrees of success—completing a European obstacle course, on which most of the barriers had been placed either by himself or his own staff. What had been conceived as a stately progression, in the manner of a Roman Emperor's triumph, had become an exercise in damage control. Serious questions over his leadership, both of the U.S. as a "lame duck" president, and of the West, remained unresolved—not least in the light of another devastating defeat for his defence budget in the Senate hours before he left Lisbon.

In Bonn, Mr Reagan had to contend with a world economic summit that came as close to failure as such theoretically unifying events are usually allowed to after President Francois Mitterrand of France deprived him of agreement on a date for a new round of trade talks that he might have been wiser not to ask for.

Throughout his trip, but especially in West Germany, Mr Reagan walked on the grave of Europe's past and stirred powerful ghosts that it was not clear he fully understood.

The week ended on a jarring note, with public recriminations between Washington and Moscow after Mr Mikhail Gorbachev, the new Soviet leader, celebrated VE Day with a blistering and gratuitously insulting attack on the Soviet Union's former wartime ally. The governments of both superpowers appeared to find it uncomfortable to be reminded that 40 years ago they had fought on the same side but are now enemies. It did not fit well with the "reconciliation" theme of Mr Reagan's trip.

The Bitburg cemetery affair stirred anti-Americanism, and in private even occasionally anti-semitism among ordinary citizens in West Germany who do not fully understand the strange ways of the American media-political complex.

German public opinion, according to one poll, was 72 per cent in favour of the Bitburg visit. Mr Reagan's "courage" in going ahead with the controversial wreath-laying ceremony, despite the presence of 49 Waffen SS graves, was widely hailed by West Germany's political leaders who now owe Mr Reagan a heavy political debt.

But the outcry in the U.S. over the visit left many Germans confused and bitter. Rather than the reconciliation that Mr Reagan had offered they felt that they were being told that the sins of their fathers must still be visited on them two generations later.

Mr Reagan, who blithely told a press conference earlier this year that few Germans today really remember the war—even though he had himself remembered serving in it in a vague capacity—seemed not to be aware of how many Germans still feel and how many other Europeans feel about Germans. These are taboo topics that Europeans as a whole try to gloss over—and on the whole have come to live with because they have to.

Many British people, at least among those prepared to venture an opinion this week, could not see the point of a grand gesture of reconciliation—at this stage in any case. The Queen, after all, paid her first official state visit to Germany in May, 1965, and it was not even Mr Reagan's first trip there.

In American political terms, Mr Reagan may have got away with it. On a sombre grey Sunday in Bitburg, and before that at the Bergen Belsen concentration camp he seemed to rise to the occasion. The ceremonies were subdued, moving, and strangely anti-climactic—though still tense.

Every American President since John F. Kennedy has tried, on trips to Europe, to match Kennedy's electrifying "Ich bin ein Berliner" pronouncement in Berlin in 1963, the only line generally remembered from an otherwise not very distinguished speech. None have succeeded.

Mr Reagan's clumsy effort at Bitburg did not work. "Today," he said, "freedom-loving people around the world, must say 'I am a Berliner, I am a Jew in a world still threatened by anti-semitism. I am an Afghan and I am a prisoner of the Gulag. I am a refugee in a crowded boat foundering off the coast of Vietnam. I am a Laotian, a Cambodian, a Cuban and a Miskito Indian in Nicaragua. I too am a potential victim of totalitarianism."

For Europeans to have swallowed that would have meant at the very minimum agreeing with Mr Reagan's basic assumptions about the Soviet Union, Cuba and Nicaragua. And as the various demonstrations along his route showed, it is precisely there that many Europeans most sharply disagree with him. These were precisely the issues that appeared on the slogans displayed by the left-of-centre protesters in the European Parliament on Wednesday: "Star Wars No;" "No Pershings;" "Hands Off Nicaragua," and so on.

Mr Reagan himself hung Nicaragua like a small albatross around his neck when he chose to make the announcement of U.S. economic sanctions his first act on arriving on European soil on May 1—ironically, a day associated in Europe with the celebration of left-wing ideals. But it seemed unlikely that the demonstrations against him would have been much different if he had not done so.

Seen through American eyes, the crude caricatures of Mr Reagan as a cowboy or a creature from outer space that plastered the walls of Madrid this week, are childish and pretty old-hat. Most of Mr Reagan's critics in the U.S. have long since stopped mocking him as a former movie star, and are now debating the serious issues raised by his presidency—his mental economic, defence and international policies and the kind of America he will leave behind him.

A rough and ready score card of Mr Reagan's progress around the obstacle course could perhaps read as follows. The Summit and the visit to Germany were minuses, qualified by the fair chance that as the White House hopes, his Bitburg visit may turn out to be remembered for his determination to stick to his guns with dignity.

The Spanish visit went better than expected—with the Socialist Madrid Government choosing to play down fairly fundamental differences with Washington. The scenes in the Strasbourg parliament marked an unexpectedly low point and Portugal went well.

The Portuguese do not have the historic resentment against the U.S. felt by the Spaniards whose New World Empire was ended forever, by the Spanish-American war in 1898. In terms of European, though not U.S., history that is a recent event, the continuing significance of which cannot be obscured by one talk about Columbus.

But as befits a TV age and Mr Reagan's own style, the visit is likely to be remembered more for images than for what he actually said; his grim, funereal demeanour in Bergen Belsen; his sudden discomfort when his teleprompter failed in Strasbourg; the caged white dove that made a brief appearance in the Portuguese parliament, before he spoke.

In Strasbourg, Mr Reagan made a serious attempt to set the tone of superpower relations in the middle ground between an arms race and detente.

The Bonn Summit did not change the policies and positions that the participants had adopted long before it, casting fresh doubts on the utility of these annual meetings in the media-orientated form that they have now assumed.

Back in Washington he will have to plunge straight into difficult problems on the budget, tax systems, Central America, and the future course of the U.S. economy—all of which are likely to have more lasting consequences for his leadership than the events of the past few days. In the final analysis, it is not on the verdict of foreigners that Americans are going to base their assessment of Mr Reagan's Presidency.

Financing the theatre

The wealthy cats are the lucky ones

By Antony Thorncroft

TODAY Cats celebrates four years on the London stage. Celebrating, too, must be the investors in Andrew Lloyd-Webber's musical: an average £750 stake has already paid back around £6,000 and there will be more to come.

It is the success of shows like Cats which finances the many theatrical failures, such as Sherwood, a musical based on the Robin Hood legend which this week collapsed on its pre-London tour through under-funding. At least £500,000 is needed to launch even a modest musical these days (Starlight Express cost £2m), and with so many arriving in the West End to take advantage of the current cult for escapism new methods of financing are being investigated.

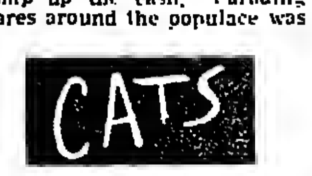
This week Theatre Productions has sought to raise £1m for Mutiny, a musical by, and starring, David Essex and based on the mutiny on the Bounty. It is seeking the money from the public under the Business Expansion Scheme through which high rate tax payers can obtain considerable tax relief for such investments—after five years.

The Business Expansion Scheme, a Government ploy to stimulate investment in small new companies, could have been designed for investing in plays and musicals. Unfortunately the first venture which attempted to raise money in this way, WEST, failed last year.

Freedman Panter, the production company behind Theatre Productions, believes that WEST managed to attract only £1m of the £4m it was looking for because it had no announced productions to stage. This time not only is there Mutiny, booked to open in July at the Piccadilly Theatre, but there are two more plays, I Want by Nell Dunn (of Steaming fame) and Birdie by Michael Rudman, ex-Hampstead Theatre and the National, waiting in the wings to mop up the spare cash. For Mutiny now needs only £450,000 of the sought £1m.

The oddest thing about this unusual method of raising money to mount Mutiny is that, according to Theatre Productions, its advance box office take is almost £1m. Any production company with that kind of cash in hand would have no trouble getting any extra cash needed from the small group of habitual "angels." But Theatre Productions maintains that it wants to start with a success to show that novel ways of funding musicals are not employed just for forlorn hopes.

Traditionally, anyone interested in a flutter on the stage wrote either to the Society of West End Theatres, which forwards a list of names to cash-hungry producers, or to the producer direct. For any production which looked like a success, the producer's traditional band of angels would stump up the cash. Parading shares around the populace was only for doubtful starters.



On the stage there is always hope: Cats was a doubtful starter

Yet on the stage there is always hope. Cats was a doubtful starter. Mr Lloyd-Webber went to Stage Payments, a company which has cornered the market in raising investment capital for musicals, for the last £100,000, and Stage Payments found enough willing takers from its mailing list of 250 to sell the £750 units.

Stage Payments is run by Michael Campbell Bowling, an investment adviser. When Mr Lloyd-Webber and his then-partner, Tim Rice, were trying to raise the capital for Evita, Mr Campbell Bowling suggested that some of his other clients might like the chance of a gamble. They put in £180,000, built up from £500 units, and a new method of financing musicals was born.

So far, the company has become involved in 14 shows, of which seven have made a profit for their investors. Three were total disasters and the other four just about broke even. Mr Campbell Bowling reckons that if you had bought a unit in all of his projects, you would ha[ve] had a two-and-a-half times r[e]turn on your investment thanks in the main to Cats.

He points out that theatre [is] a speculative home for spa[re] cash, is much favoured by [ex]patriates who do not have [to] worry about paying tax on a[ny] gains. For most people [the] attraction is the gamble link[ed] to show business. Buying [a] unit, which has now inflated [to] £1,000, does not give you fr[ee] seats for the first night b[ut] there is a feeling of involv[e]ment with the West End sta[ge] — some of the glamour rubs o[ff].

From being a last resort [for] worried producers, Stage P[ay]ments is now contacted early [in] the financing of a musical. [It] has just launched Me and [My] Girl for which it contribut[ed] £150,000, a quarter of the co[st]. There, it seems, set fair for return of the original inve[st]ment in six months and then steady appreciation of pro[fit]. Not that a long run alwa[ys] means a return — Blon[del] played for many months a[nd] failed to return a profit, though Mr Campbell Bowli[ng] remains hopeful.

If you want to invest [in] musicals you should spread yo[ur] money over half a dozen or [so] productions. But, even then, t[he] rewards are not overwhelmi[ng]. There is the fee to compan[ies] like Stage Payments (7½ p[er] cent on the original stake) [and] to the managers of Theat[re] Productions. There are the ru[n]ning costs which can delay t[he] pay-out on even successf[ul] shows — On Your Toes, wi[th] high payments to Americ[an] interests and stars, has yet [to] reward its investors after almo[st] a year and Starlight Expre[ss] is expected to take two yea[rs] to recoup its initial £2m cos[t]. And there is always the pr[o]ducer taking 40 per cent of a[ll] profits.

One regular "angel," Can[on] Christopher Atkinson, recko[ns] that since August 1978 he h[as] supervised the investment [of] over £22,000 in 29 different pr[o]ductions, with an expect[ed] profit of just £329. Only 12 pr[o]ductions have returned a prof[it], among them is Cats, the gre[at] standby. Many of those celebr[at]ing its fourth anniversary w[ill] be conveniently forgetti[ng] losses elsewhere.

Letters to the Editor

Decontrolling rents

From Canon R. Marchant

Sir,—I am interested by the letters from persons learned in housing matters proving that rent decontrol does not increase the private rented sector. Around here the Rent Acts have ceased to apply. Derelict cottages are renovated and let; old houses are refurbished and let; owners who have modern houses they do not want to live in let them.

No, we have not declared UDI from the Rent Acts. This gradual increase in rented properties is due to the fact that the tenants are in every case U.S. servicemen. You can either let to the base at so many month's notice on either side at their favourable rents, or you can let directly to the tenant, knowing he has a 2-3 years' tour of duty at a rent in line with that paid by the base.

I find it all an interesting lesson in applied economics.

Ronald Marchant.

Larfield Vicarage,
Woodbridge, Suffolk

The GLC and RTZ

From the Leading Opposition Spokesman on Finance and General Purposes, Greater London Council

Sir,—An April 27 you reported the decision of the GLC finance committee to sell its £4m holding in Rio Tinto-Zinc because of the group's extensive operations in South Africa and Namibia.

The shares are held in the £900m staff pension fund. The GLC as trustee to the fund cannot restrict the scope of investment by reference to political grounds. Any decision to divest must be based on doubt as to RTZ being a financially appropriate investment for the fund. This general rule was reinforced in the decision by Vice Chancellor Megarry in the Mineworkers Pension Fund case.

The financial adviser to the fund together with the GLC director of finance repeated their earlier advice to the committee that the funds holding in RTZ should not be realised at this time. As the Labour Group have for some time been determined to sell, a decision was taken at an earlier meeting to seek further advice. The chairman selected two investment advisers to approach, one of which gave a neutral report, and the other in strictest confidence to the committee advised to sell.

I expressed the view in committee that a personal opinion by an individual in confidence was probably not worth the paper it was written on and, therefore, with the possibility of litigation by members of the pension fund, it was dangerous of this advice. Unfortunately it was abundantly clear at the meeting that the advice sought was a smokescreen for selling RTZ shares for political reasons.

Michael Wheeler.

County Hall, SE1.

Perpetual floaters

From Mr G. Coomber

Sir,—As the Bank of England recognises perpetual floating rates as part of a bank's primary capital presumably it will now require other banks holding such paper for their own account to treat the holding as a utilisation of their free capital, with the usual consequential effect on gearing capacity. Otherwise, taken to absurdity, if banks all invest in each other's capital there will be no improvement in the industry's capital adequacy.

G. M. Coomber.

Flat 3,
4, Belvedere Drive, SW19.

Abysmal Tory publicity

From Mr J. Baker White

Sir,—In your leading article "Six Years of Mrs Thatcher" (May 4) you make the point that in the past two years the Government itself has created some of its problems.

One of the reasons why the Conservative Goverment and Party are presently unpopular with the electorate is the repeated and abysmal failure of the Government's public relations.

The most recent example is that of a Treasury Minister having to apologise for the removal from a Labour Member's pigeon hole of a written answer that was too forthcoming for the Government's liking.

In recent weeks Mr Ian Macfarlane, the Sports Minister, has been urging football clubs to get tough with soccer hooliganism. When Chelsea proposed erecting an electric fence similar to those used by farmers to control sheep and cattle the Minister denounced it as "a step too far." A few days earlier the Prime Minister had made a strident call for tough action. When a club responds to her call one of her Ministers denounces it.

John Baker White.

Street End Place,
Street End,
Canterbury, Kent.

Pensions in wonderland

From Mr H. Wynne-Griffith

Sir,—Mr Anthony Harris on the subject of "Pensions in wonderland" (May 7) is as amusing (and serious) as that other author of that other Wonderland. I take issue, however, with his contention that there is only a limited difference between transferring current income to pensioners on a pay-as-you-go basis or by selling government IOUs.

There are two big differences. One can sell the IOU to someone else and, further, it is indistinguisbable from all those other IOUs issued to pay for Trident, Concorde, etc. The National Insurance contribution suffers from not having these virtues.

H. R. Wynne-Griffith.

5, Dulwich Wood Avenue, SE19.

Computer power

From Mr H. Hughes

Sir, — I was doubly surprised to read (May 4) the experience of Walter Ellis with his Sinclair QL computer. Entertaining it might be, but with the present cut throat competition in the international computer market it cannot do anything but harm to the British cause.

As an owner of a Sinclair QL I would be the first to admit that there have been problems. In my own I had to return the first model a few days after receiving it last August. Since then, I have used it constantly with nothing but admiration for the performance both of the computer and for the package of programs which go with it, especially since receiving Version 2 of the software.

The second cause for surprise is that your contributor chose to quote his experience of using the word processing package which, after all, is rather old-hat by now. Since August I have been using my QL to develop a suite of programs for investment analysis which I would have thought would be a more interesting use of computer power to readers. For this kind of use, the other packages, especially Abacus are more interesting. The ability to incorporate quite complex formulae in a spread sheet and then to be able to change the order of presentation at the touch of a key is quite fascinating.

H. S. Hughes.

24 Leimore Road,
Charlton Kings,
Cheltenham

Shortages of engineers

From Mr M. Clear

Sir,—I was quite appalled to read the latter part of the letter from Mr Michael D. Still (May 7). He states that few professional engineers have the middle class backround associated with accountants. This is gross effrontery to professional engineers and is so wildly inaccurate that it is almost a joke. I assume Mr Still has at least an honours degree and he would, therefore, know that one of the main forces in a University is the engineering students' body. To say that professional engineers are not from a middle class background is an absurdly sweeping statement.

The chartered engineer today is the backbone of our industrial world, particularly when it is remembered that manufacturing industry is a main contributor to the gross national product as opposed to all services which do not contribute.

Michael Clear.

44, Green Street, W1.

Analogy with Peel

From Mr A. Henfrey

Sir,—Malcolm Rutherford's splendid article "Going the Way of Sir Robert Peel," (April 26), drew some telling parallels between today's political scene and that of the 1840s.

It is worth remembering, however, that within a very few years of the repeal of the Corn Laws, Peel's principal and bitterest antagonist, Disraeli, had recognised that there could be no going back to the previous order of things that Peel had so decisively broken. Furthermore, one of Peel's ablest lieutenants, Gladstone, went on to become Britain's greatest 19th century Prime Minister, inspired by the radical and enduring changes Peel had engendered in political attitudes.

While Peel and most certainly his party were the immediate battle casualties of the 1840s, Peel was inarguably the winner of the war which gave Britain an unparalleled era of prosperity and self-confidence.

The analogy with Peel can give anxious Tory MPs little comfort, but this may not be so for a Prime Minister anxious to secure a permanent and respected place in history.

Anthony W. Henfrey,
(Vice President),
Simmons and Co. International,
1801 South Tower,
Pennzoil Place.

Radical reform of the social security system

From the Director,
Child Poverty Action Group

Sir,—Your call for radical reform of the social security system (May 1) adopts the Government's new buzz word of "targetting" which, far from being a radical concept, simply represents an attempt to serve up the cheap old wine of means testing in cheap new bottles.

Means testing has proved a remarkably inefficient mechanism for tackling poverty, for reasons of low take-up, diminished incentives and administrative complexity. It is a fantasy to believe that the integration of the administration of social security and taxation will solve all these problems. Indeed, all of the selective integrated schemes on offer so far have aggravated the problem of incentives for those on

One problem with "targetting" is that its advocates confine it to the existing social security budget, which means that the wider distribution of resources is left intact. A truly radical government would grasp the nettle of the considerable resources locked into the hidden welfare state of tax reliefs and allowances, which many have agreed could be better "targetted" into areas such as child benefit and a more equitable system of help with housing costs.

If the state's role in social security were limited to a safety net for the poor, the fiscal state of tax reliefs would expand as the rest of the population turned to private provision. Is it really "depressingly cynical" to suggest that the more interested in defending those tax reliefs than in championing the poor? How many middle-class people even know what supplementary benefit or family income supplement provide? But it is not just a question of whether the middle-classes would support benefits confined to the poor. It was Richard Titmuss, hardly a cynic, who warned that benefits confined to the poor become poor services. A social security system in which all classes have a stake and which guarantees security for all our citizens is an important force for integration in our society. To abandon it, in the name of radicalism, for a residual safety net scheme would, we believe, be doing the poor a disservice.

Ruth Lister.

BUILDING SOCIETY RATES

	Share	Sub'pn	Others	
Abbey National	8.25	9.25	9.52	Seven-day account
			10.25	Higher interest acc. 90 days' notice or charge
			7.00-9.52	Cheque-Save
			10.00	High Interest Cheque-Save
Aid to Thrift	9.80	—	—	Easy withdrawal, no penalty
Alliance	8.25	9.25	10.00	BankSave. Balance of £2,500. Current account. Bal. under £2,500, 9.00. Min. initial inv. £500
			10.00	Gold account. Minimum invest. £500. Imm. wdl.
Anglia	8.25	9.25	10.25	High Income Bond. Withdrwls. after first year
			10.25	Capital Share. No notice. 1 month's penalty
			9.75	Instant Gold. Annual int. No notice or penalty
Barnsley	8.25	10.00	10.50	2-year termshare—3 months' notice
			10.10	Spec. inv. (28 dys.' not.). 10.10 Mthly. inc. a/c
Bradford and Bingley	8.25	9.25	10.00	Premium access. On demand, no pen. £1,000+
			10.75	High interest, 3 months' notice or 90-day pen.
Bristol and West	8.25	9.25	9.50	Plus a/c £1,000+. No notice. No penalty
			10.25	£20,000+, 10.00 £5,000+, 9.75 £1,000+, 7-day notice Triple Bonus. Also Monthly Income
Britannia	8.25	9.25	10.30	28 days' notice £10,000+
Cardiff	9.75	9.85	10.25	90 days' not. Penalty if balance under £10,000
Catholic	8.55	9.55	10.05	Extra share, £5,001+ 10.30, 30 days' notice
Century (Edinburgh)	8.85	—	9.30	Guaranteed rate 2/3 yrs. (or variable account)
Chelsea	8.25	9.25	10.55	Immed. withdwl. int. pen. or 3 months' notice
Cheltenham and Gloucester	—	9.25	10.25	Gold. No notice. No penalties. £500+, 10.25. Mthly. int. £5,000+, 10.25 when mth. int. added
Citizens Regency	8.25	9.75	10.00	7 days, 10.00 1 month, 10.25 3 months
City of London (The)	8.50	9.75	10.25	3 months' notice—no penalty—monthly income
			9.95	7 days' not. im. access for amounts over £5,000
Coventry	8.25	9.50	10.50	2-year bond £1,000+, close 90 days' notice and penalty, monthly inc. opt., guaranteed 2.25 diff. Moneymaker inst. acc. no pen. 10.30 £20,000+, 10.05 £5,000+, 9.75 £1,000+ monthly inc. opt.
Derbyshire	8.25	9.50	10.50	2 y., 3 m. not., up to 10,000. No not. No pen.
Gateway	8.25	9.25	10.03	Gold star £1,000+. No notice. No penalties. Monthly int. £5,000+, 10.50 if added to account
Greenwich	8.25	—	10.25	90-day account (no notice account 9.50-10.00)
Guardian	8.50	—	10.60	6 m. not. (£1,000 min.) easy acc. bal. £10,000+
Halifax	8.25	9.25	9.75	Instant Xtra. Immediate withdrawal no penalty
			10.00	90-day Xtra, 90 days' notice, no penalty
			10.25	Prem. Xtra (£10,000 min.) g'td 2pc diff. 3 yrs.
Heart of England	8.25	9.50	10.00	90-day notice, 9.50 5-day notice
Hemel Hempstead	8.25	9.75	10.50	90 days. 10.25 60 days. 10.00 28 days
Hendon	9.35	—	10.10	7-day account. Minimum £500
Hinckley and Rugby	8.25	11.55	10.35	90-day = 10.86 monthly income reinvested
Lambeth	8.40	9.50	9.90	7-d. a/c. 10.60 Magnum a/c 6 wks.+loss of int.
Leamington Spa	8.35	—	10.00	Spa mthly. income, no not., no pen. £5,000 min.
			10.50	High flyer, no notice, no penalty, £10,000 min.
			10.40	Supershare, no not., 14 days' pen. £2,000 min.
			10.80	Super Share, no not. 14 days' pen. £10,000 min.
Leeds and Holbeck	8.25	10.00	10.75	Monthly int., 10.25 28 days' not., 10.50 90 days' not. or pen., neither if £10,000 still in account
Leeds Permanent	8.25	9.25	10.75	Ltd. Edition £10,000 3 m. not. or 90-day pen.
			10.00	HRAS 3 m. not., 9.75 Liq. Gold no not./pen.
Leicester	8.25	9.25	9.60	£500+ im. wdl. no pn. 10.75 £10,000+ min. 1 yr. 10.25 £2,000+ min. 1 yr.
London Permanent	8.75	—	10.25	60 d. not. or imm. wdl. no pen. if bal. £7,500+
Midshires	8.25	—	10.50	2 yr. term. 2.25% diff. guaranteed. 3 m. notice or pen.
Mornington	9.80	8.25	9.80	£2K, 10.00 £2K+, 10.10 £10K+, 10.25 £20K+
National Counties	†8.55	9.80	10.35	90 days' notice, no penalty. † £1,000+
National and Provincial	8.25	9.25	10.50	APEX (+2.25pc gtd. 3 yrs.) im. wdl. 60 d. pen.
			10.00	90 days' notice/pen. unless bal. stays £10,000+
			9.75	28 days' notice/pen. unless bal. stays £1,000+
Nationwide	8.25	9.25	10.25	Capital bonds, 3 yrs., 90 days' notice/penalty
			10.25	Bonus-90, 90 days' notice/penalty
			9.75	Double bonus, minimum £500, no notice/pen.
Newcastle	8.25	9.50	10.05	60 days' not.; 9.75 28 days' not.; 9.25 7 days' not. On demand by arrangement
Northern Rock	8.25	9.50	10.25	Moneyspinner plus £20,000 or more, inst access
			10.00	Moneyspinner plus £5,000 or more, inst access
			9.75	Moneyspinner plus £500 or more, instant access
Norwich	8.25	9.50	9.80	7-d. share/monthly inc. not. 10.00 on £10,000+
Peckham	8.90	—	9.90/10.40	Imm. wdl. if over £2,000. Monthly income
Peterborough	8.25	9.55	10.85	pa "85" Shrs.—85 ds. not.—min. int. inv. £5,000
Portman	*8.25	10.50	*9.85	Flexi-plus. Minimum £500. No notice imm. wdl.
			*10.25	Pm. Mn. £500, 2 ms.' nt. No pn. *mly. inc. £2,000
Portsmouth	8.40	9.90	11.00	5-year, 10.55 3-year, 10.35 90-day, 10.10 30-day
Property Owners	8.75	10.25	10.55	3 mths., 10.25 6 mths., 10.10 28 d., 10.00 im. ac.
Scarborough	8.25	9.50	10.25	2-yr. limited share, 1.75 guaranteed differential
Skipton	8.25	9.50	10.35	Sovereign £10,000+ instant access—no penalty
			10.00	Svrgn. £500-£9,999 mthly. inc.—min. inv. £2,500
Stroud	8.25	9.50	11.00	2-year term. Notice accounts with monthly income option 10.50 90-day, 10.25 28-day
Sussex County	8.25	9.70	9.90	Sussex High, 10.30 90-day, 10.50 mnthly. income
Thrift	8.50	—	9.50	3-year term. Other accounts available
Town and Country	8.25	—	10.50-7.00	Moneywise chq./Visa. Int varies w. balance
			10.50	3-year term mly. inc. on £1,000+. Wdl. avail.
			9.75	Supershare. Imm. wdl. No pen. min. inv. £500
Wessex	10.10	—	—	No notice—no penalties—minimum £1
Woolwich	8.25	—	9.75	Prime—no notice, no penalty, minimum £500
			9.75	Monthly income shares, 28 days' notice
			10.25	Capital, 90 days' notice/penalty
Yorkshire	8.25	9.25	10.15	Diamond key, 28 days' notice or 28 days' pen.

All these % rates are after basic rate tax liability has been settled on behalf of the investor.

UK COMPANY NEWS

Thomas Warrington hit by competition

EVERE COMPETITION in the ›ntracting industry together ith increased interest charges ave caused pre-tax profits of homas Warrington & Sons to ump from £391,000 to £1,000 in 984. The final dividend is cut ›om 4.41p to 2.25p net for a ›wer total of 4p, against 6.16p.

The company's main area of perations in contracting is in nd around Merseyside and the oard points out that too many ›ntractors are chasing what ttle work is available, resulting › "such narrow margins that it difficult to make an adequate rofit."

It was found necessary at the ear end to provide for known nd anticipated losses on cer- in contracts and full provision as been made in the accounts. However, the company hopes ere will be some reduction in ese figures when final accounts e agreed.

Turnover for the year rose om £12.19m to £13.34m. Tax ok £27,000 (£150,000) and there ere also extraordinary debits £66,000 (£77,000) representing provision for redundancy costs. tated loss per 25p share were 86p (8.02p earnings). Com- arisons are restated.

The company has taken steps › reduce overheads and con- nues to review all areas of ›erations.

It is pressing ahead with the rivate development program- ing and taking steps to increase tivities in other parts of the untry which are less depressed an the company's main trading ea.

Private development produced tisfactory results despite lower an expected sales towards the ear-end which, combined with creased activity and the pur- ase of land, produced an crease in bank borrowings mpared with the year earlier. owever, borrowings have now en substantially reduced.

The company's subsidiary, J. ilson, completed its first full ear's trading since acquisition ith good results, reflecting the ct that it faces less harsh ading conditons than those pre- iling in Merseyside.

Accounting policy with respect sales of private houses was anged during the year. Sales e now recognised if legal com- letion takes place prior to year- d. The directors consider the w policy more consistent with neral industry practice and ll give a fairer presentation of e results and financial posi- on. Prior year companies have cordingly been restated.

U.S. institutions backing Electra's call for £32m

BY MARTIN DICKSON

Electra Investment Trust plans to raise $40m (£32m) of investment capital through an issue of promissory notes, with share warrants attached, which will be taken up by three large U.S. institutions.

General Electric Pension Fund, Travelers Insurance and United States Steel & Carnegie Pension Fund, have agreed to subscribe at par for $40m of 9 per cent promissory notes due 1992.

These have attached warrants to subscribe at any time over the next seven years for 20m shares in Electra—an increase of 13.5 per cent in the existing share capital. The deal needs shareholders' approval.

Electra, noted for the large proportion of its funds invested in unlisted businesses, intends to use the money to reinforce its shift of emphasis from smaller deals in the unquoted sector to larger ones. Its backing of a proposed management buy-out at Haden, the engineering company facing a hostile bide from Trafalgar House, is an example of this move to larger transactions.

The rate of interest on the notes is well below prevailing market rates, and Electra says the method of financing will enable it to make equity linked investments at a running yield in excess of borrowing costs, which it would be unable to achieve through more conventional methods of funding.

The warrants which enable it to achieve this low cost borrowing can be exercised at the lower of 175p or 5p above the net asset value per share to be published next month in Electra's accounts for the year to March 31.

Electra, whose shares closed last night at 127p, up 7p on the day, estimates that its net asset value per share on March 31 was approximately 164p a share—a rise of 24.8 per cent on the year, compared to 17.6 per cent for the FT All-share index.

The warrants—which may be exercised by tendering either sterling or notes at the rate of $1.233 to the pound—will therefore have an immediate diluting effect on Electra's existing shareholders and represent a substantial premium over the current share price.

Mr Michael Stoddard, Electra's chief executive, said involvement with such leading U.S. institutions should help enhance the trust's involvement in American investment. The institutions would also be a useful "sounding board" for its investment in unlisted U.S. companies.

Since April last year five of Electra's unlisted investments have obtained quotes in the UK and U.S.

Glanfield dives into the red

BY LUCY KELLAWAY

Glanfield Lawrence, the North London-based motor dealer has announced a pre-tax loss of £200,000 for 1984, following a warning in January that it debit against errors in the 1983 a "significant discrepancy in the management accounts" of a subsidiary.

The company is now 83 per cent owned by Gregory Securities which gained control in February after a long and acrimonious takeover battle, which saw Glanfield successively reduce its 1984 forecast from a £250,000 profit.

In accordance with January's warnings, Glanfield has also made an extraordinary loss of £216,000, made up of £115,000 spent fighting the Gregory bid, £61,000 expenses on a failed acquisition and £40,000 associated with the closure of the Lancaster dealership.

The results contain a £34,000 debit against errors in the 1985 accounts.

Investigations into the accounting errors and into other matters "outside accounting procedures," have not yet been completed; but Mr Jim Gregory, chairman of Gregory Securities, is "98 per cent sure" that the preliminary figures will not need further adjustments.

Mr Gregory said that Glanfield was in a "complete mess" but added that "we have all the signs that things are going properly again." A small profit was made in the first quarter this year.

In 1984 turnover rose to £19.37m (£18.62m). interest charges were £334,000 (£308,000), there was a tax credit of £146,000 (debit £3,000).

The loss per share after preference dividends was 1.4p, compared to earnings of 4.6p in 1983.

The shares closed 5p lower on the day at 45p.

English and International improvement

Net asset value per 25p share of English and International Trust increased from 288½p to 316½p in the year to April 5, 1985. The figures have been calculated after deducting the debenture stock and preferred shares at their nominal values.

Earnings per share advanced from 6.35p to 7.06p and the final dividend is higher at 5p for a total of 7p (6.25p) net. A one-for-one scrip issue is also proposed.

Gross income climbed from £1.42m to £1.57m. Dividends and interest totalled £1.54m (£1.12m).

BAe shares reach 418p as offer is oversubscribed

BY STEFAN WAGSTYL

THE OFFER for sale of 146.8m shares in British Aerospace has been "comfortably" oversubscribed, according to Kleinwort Benson and Lazard Brothers, the merchant banks handling the issue.

The level of oversubscription and the basis on which shares are to be allocated are to be announced on Monday to the House of Commons and to the Stock Exchange.

About 24 per cent of the shares on offer at 375p each were available to the public—the rest were reserved for institutions (55 per cent), BAe shareholders and employees.

In the largest public flotation since British Telecom, the Government is selling its remaining 48.4 per cent stake in BAe, or 96.8m shares, and the company is raising new funds with a one-for-four rights issue of 50m shares.

BAe shares rose 13p to 418p yesterday when news of the oversubscription reached the market.

Liberty surges by 81% to £2.6m

Liberty, the retailer, merchant converter and wholesaler, yesterday reported a 81 per cent increase in profits for the 1984-85 year and the board is confident of a further improvement in the current 12 months.

The taxable result to February 2, rose from £1.43m to £2.6m on turnover ahead by £9.58m to £46.54m, excluding VAT.

UK retailing operations and converting and wholesaling accounted for most of the profits improvement, while losses were reduced in the U.S. and printing operations turned round to the black.

"We have had another successful year in our Regent Street store and our Dutch and American retail operations both traded at a much improved level," says Mr H. Weblin, the chairman.

He says that group results for the first two months of the current year have improved and that the wholesale order book shows a volume increase.

Liberty, which has close company status, is lifting the final dividend from 3.5p to 5.2p for a higher total payout of 6.4p against 4.5p.

Earnings per share, excluding extraordinary credits of £267,000 (£253,000), were nearly doubled from 10.74p to 20.27p—tax took £1.26m (£704,000).

Leisure side cuts Cass Group profits

Losses incurred in its leisure division have reduced the pre-tax result for 1984 at Cass Group from £1.1m to £966,117.

Despite this, the directors are recommending an increase in the dividend total to 4.75p (4.25p) per 10p share, with a higher 3.4p (3p) final, and Mr E. V. Cass, the chairman, says he looks forward with confidence.

Cass, which has its shares traded on the USM, is involved in the manufacture of paging equipment, and operates retail and mail order outlets for art.

Turnover for the year improved by £2.32m to £9.54m and the chairman says that in the telecommunications division 1985 has started with a substantial increase in incoming orders.

Telecommunications, leasing and finance added an increased £1.06m to profits, against £977,587, despite the sizeable investment in the start-up costs of the new Mitel PABX business.

The chairman says that as he indicated in last year's statement, the marketing of the Mitel range of approved small and medium-sized PABX's is now well under way. Both the sales and engineering department required a significant increase in staff to deal with the expanded product range.

In the leisure division, profits of £122,092 turned into losses of £90,343, but remedial action is being taken to correct this, the chairman says. All areas of this division's operations are being reviewed.

He adds that the group's balance sheet remains strong with a net cash balance.

Hadson profits fall to £0.4m as Britoil waits

Hadson Petroleum International, which last month concluded negotiations with Britoil to sell all of its UK oil and gas assets, subject to shareholders' approval, has announced a fall in pre-tax profits for 1984 from £686,000 to £412,000.

There is still no dividend for holders of this USM stock.

Income for the year comprised largely of interest received on the group's cash and investment, and in addition the group recorded an exchange gain of £869,000 on the sterling equivalent of its dollar deposits.

The profit on ordinary activities was after a write-off of £738,000 for exploration costs, administration and overhead costs.

Earnings from test oil production from the group's UK onshore oil interests are applied against the capitalised exploration cost pool and are not recorded as a separate item.

The directors say that they are continuing to review exploration opportunities and have targeted potential projects

Altifund higher

Pre-tax revenue of Altifund increased from £528,000 to £604,000 for the year to March 31, 1985. The dividend per 25p income share is 8.6p (7.8p) net with a 6.1p final, while the distribution per capital share is 0.43p (0.39p) with a 0.305p final.

Net asset value per income share slipped from 51.13p to 50.83p, but the figure per capital share advanced to 583.83p (485.32p).

Travis & Arnold in £14m deal for Unilever offshoot

BY MARTIN DICKSON

Travis & Arnold, the Northamptonshire-based builders' merchant and timber importer, is buying fellow builders' merchant Kennedy's from Unilever for £14.1m.

Kennedy's operates from 15 branches in southern England—many of them in the south-west—and from four in Manchester. It also runs six garden centres, mainly in the south-east, and employs 680 people.

The deal is Travis's first major acquisition since 1978 and gives it a group of outlets geographically complimentary to its own merchants, which are concentrated in the Midlands and south-east.

Kennedy's is part of Unilever's subsidiary UAC International, which has begun disposing of "non-core" activities following a major review of its operations.

Kennedy's produced pre-tax profits of £923,000 in 1984 (after deduction of £652,000 of inter-group charges but no interest) on a turnover of £38m. Travis & Arnold had pre-tax profits last year of £9.63m on turnover of £128.37m.

Travis is paying £3.93m for Kennedy's share capital, together with repayment of £10.22m of Unilever inter-company debt. It will be meeting the cost of the deal almost entirely from its cash balances.

Travis said the product ranges stocked by the two companies were complementary and would lead to improved purchasing opportunities for the combined group. It hoped to improve Kennedy's net margins.

It added that the garden centres — a business new to Travis—were profitable and were in a sector with good growth prospects.

Kennedy's assets had a net book value of £15.67m last December, after adding back inter-company indebtedness and a proposed final dividend which will be retained by Kennedy's.

Datron coming to the USM

Datron International, designer and manufacturer of electronic test and measurement equipment, is coming to the USM with a market value of £12.6m.

Stockbrokers, Simon and Coates are placing 2.75m shares, equal to 22 per cent of the equity, at 84p to raise £2.74m before expenses. About half of the shares are being sold by directors, with the rest representing new capital.

Datron was established in 1971 by chairman Mr Geoff Cannell and a technical director, John Pickering. The company is a specialist producer of digital multimeters and calibrators.

In the year to June 1984 the company achieved pre-tax profits of £364,000 on turnover of £3.4m, and is forecasting profits of no less than £950,000 for the current year. In the first half it increased profits to £363,000 on sales of £3.4m.

Datron suffered three years of flat turnover and falling profits at the start of the 1980's after a decade of continuous growth. This reflected the effects of world recession combined with a moratorium on defence spending, start-up costs in the U.S. and heavy R & D expenditure on a new range of products.

Datron sells to blue chip companies to whom it says performance matters more than price. About 75 per cent of sales are abroad, with about half of those going to the U.S., and an increasing proportion to China, where thet company has recently won a £3.5m contract.

Mr Cannell aims to increase turnover to £100m by 1990 by expanding into new areas of the £5bn test and measurement market and by making acquisitions particularly in the U.S.

At the placing price tha shares are on a prospective multiple of 13.8p given forecast profits and an estimated 3 per cent tax charge. There will be no dividend for the year to June 1985, but a forecast dividend of 1o for 1986 makes the prospective yield 1.7 per cent.

Dealings begin on May 20.

Reuters keeping watch on UPI

Reuters is keeping a close watch on developments at UPI, the U.S. newsagency which last week filed for protection from its creditors. Mr Glen Renfrew, Reuters managing director, said after the company's first annual meeting yesterday.

But any deal would have to bring both benefits to Reuters' position in the media markets and a good contribution to profits, he said. "Any action we take will be done very much with the interests of Reuters' bottom line in mind."

Sir Denis Hamilton, Reuters' retiring chairman, told the meeting that the group was continuing to prosper and that total sales so far in 1985 had been very good, despite unfavourable economic conditions in some parts of tha world.

"Currency factors had an adverse effect on profits in the opening months of the year but on current indications should produce a modest benefit in the year as a whole," he commented.

"It is shaping up as another year of very good revenue and profits growth for Reuters."

Reuters was now beginning to see the benefits of its heavy investment in North America though the company still had a long way to go in a potentially very rich market.

Yesterday's annual meeting was the first since Reuters went public in a £221m flotation on the London and New York stock markets last June. At the 196p issue price Reuters' total equity was valued at £770m.

At yesterday's share price of 375p—a fall of 2p on the day—Reuters' total equity, only a small part of which was offered to outside investors, is worth £1.47bn.

See UPI court move Page 11

AB Engineering £1.7m rights

BY LIONEL BARBER

Associated British Engineering (ABE) yesterday announced a rescue rights issue to raise £1.5m following losses of £1.73m and an extraordinary charge of £2.79m for the 12 months to March this year.

The one-for-15 rights issue, underwritten by Guiness Mahon, the UK merchant bank, involves issuing 1.68m, 8 per cent cumulative convertible redeemable preference shares of £1 at par. Sub-underwriting is in progress.

ABE's directors said yesterday that they were forecasting a pre-tax profit of not less than £250,000 for the six months ending September 30 this year.

No dividend will be paid however, after the latest results, though the directors said that they would review paying a dividend for the full financial year ending March 1986.

According to the terms of the rights issue, the existing 12½p ordinary shares will be written down to a nominal value of 1p each and the share premium account will be cancelled.

Each new preference share will be convertible into 50 ordinary shares of 1p each in any of the years 1985 to 1992. The new shares will also carry the right to receive, in priority to the existing preference shares and all other classes of shares, a fixed cumulative dividend of 8 per cent per annum.

Last December, ABE announced losses in all of its three operating divisions and a pre-tax deficit of £915,000. However, ABE said at the time it expected to break-even in the second half and return to profit in 1985.

Yesterday, Mr Ross Belch, ABE's chairman, said that "vigorous action" had been taken by the group and there was some improvement in its markets. This enabled ABE to forecast a return to profitability with confidence.

Comcap acquires minority in main Danish subsidiary

BY LIONEL BARBER

Comcap, the IBM computer distributor and lessor, has agreed to pay Mr Benny Pedersen, managing director of one of its Danish subsidiaries, £2.66m in cash and shares under a share option scheme drawn up when the group went public last year.

Under the scheme, Mr Pedersen has exercised his right to sell all his shares in CMA Comcap, the main Danish subsidiary in return for 838,614 ordinary Comcap shares, worth around £2.21m, and £450,000 in cash.

Comcap said yesterday that the price represented a multiple of 12 times the minority interest of Mr Pedersen in CMA Comcap's pre-tax profits last year.

Comcap shares closed at 265p last night, down 8p on the day.

After the transaction, Mr Pandersen, a main board director of Comcap, will own 4.9 per cent of the group company. Comcap, meanwhile, will own 100 per cent of the issued share capital of its Danish subsidiary. Its indirect interest in three other Danish companies in the group will rise to 75.1 per cent.

Last March Comcap announced pre-tax profits of £2.94m on turnover of £33.6m, compared to £1.55m on £32m turnover last year. Comcap said that if the share option arrangements had been in force throughout 1984, the earnings per share dilution would have been less than ¼ per cent.

Asset value up to 166p at Scot. Northern

The net asset value per 25p share of the Scottish Northern Investment Trust stood at 166.03p at the end of March 1985 and compares with 147.64p a year previous.

Net revenue for the 12 months advanced from £2.35m to £3.23m although the directors say that the figures are not strictly comparable because of the acquisition of the new Harrison Group with effect from February 22 1984.

The final dividend is 2.79p making a total distribution of 3.75p against 3.26p. Stated earnings per share were up from 3.01p to 4.16p.

Taxable revenue amounted to £4.66m (£3.28m) with unfranked income totalling £3.58m (£1.9m) and franked income up at £3.86m

COMPANY NEWS IN BRIEF

Longman, part of the information and entertainment sector of Pearson, owners of the Financial Times, yesterday announced a recommended £1.55m cash offer for Macdonald & Evans, the Plymouth-based commercial textbook publishers.

Shareholders representing around 74 per cent of Macdonald & Evans' issued share capital have accepted the offer, Longman said yesterday.

* * *

The Takeover Panel has ruled that Bristow Rotorcraft, the vehicle for Mr Alan Bristow's £89m consortium bid for Westland, is entitled to buy shares at up to 150p per Westland share.

* * *

Pre-tax profits of USM newcomer TDS Circuits improved from £1.71m to £2.66m in the year to February 28, 1985 and as promised in the offer-for-sale prospectus, the final dividend is 2.9p for a 4.9 net total. Turnover rose from £7.81m to £11.98m. Tax accounted for £1.02m (nil).

* * *

The Al-Fayed Brothers have increased their preference share offer in their £615m takeover of the House of Fraser stores group to bring in some institutional shareholders that have been "holding out."

On the 3.15 per cent preference shares the offer has been increased from 60p to 66p in cash; holders of 3.85 per cent shares are being offered 80p, against 73p, in cash; and there is a 9p rise to 100p in cash for the 5.25 per cent shares.

The Al-Fayeds own 95.4 per cent of the ordinary shares and will apply to compulsorily acquire the remainder.

* * *

For the 1984 year Molynx Holdings doubled its pre-tax profits to £122,000 and is returning to the dividend list for the first time since 1979 with a payment of 1p net.

The "satisfactory" trend is continuing and a further rise in both profits and dividend is anticipated for 1985. Turnover for the past year rose to £1.81m (£1.38m)—the company manufactures equipment for the TV industry.

* * *

Joseph Holt, brewer and wine and spirit merchant, raised 1984 pre-tax profits from £2.43m to £2.64m and is lifting the final dividend to 11p for a 3p bigger total of 14p net per 25p share. Turnover improved from £8.7m to £9.42m.

The group's properties have been revalued and the surplus of £4.93m has been added to revaluation reserve.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Altifund capital	0.31	July 12	0.27	0.43	0.39
Altifund income	6.1	July 12	5.3	8.6	7.8
Cass. Group	3.4‡	July 9	3	4.75	4.25
English and Intnl.	5	July 29	4.75	7	6.25
Liberty	5.2	June 17	3.5	6.4	4.5
Scottish Northern	2.79	—	0.3	3.75	3.26
TR Technology	1.22	July 1	1.15*	1.72	1.65*
Warner Estate ...int.	6	July 2	5	—	15
Thomas Warrington	2.25	July 8	4.41	4	6.16

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

APPOINTMENTS

Senior partner for Fielding Newson-Smith

Mr J. Dundas Hamilton has retired as senior partner of FIELDING, NEWSON-SMITH AND CO, stockbrokers, and has been succeeded by Mr Donald Macpherson. Mr Hamilton remains with the firm as a consultant partner.

★

Mr D. Byron Lewis has been appointed to the board of CHRISTIE-TYLER. He was finance director of Christie-Tyler's South Wales division.

★

LINGARD INDUSTRIAL HOLDINGS has appointed Mr Jonathan R. Stedman to the board as director of finance and administration.

★

BRITISH VENDING INDUSTRIES has appointed Mr Hedley Bardsley to the board of its main subsidiary company Automatic Catering Supplies as director, national accounts. Mr Bardsley has been responsible for the national account department for four years.

★

Mr Albert Collins has been promoted to marine director of THEW ENGINEERING (SOUTHAMPTON), part of Thew Engineering Group, where he will be responsible for the marine engineering, ship repair and offshore work. He joined the group as general manager of the marine division in 1984.

★

GRANADA TELEVISION'S new general manager, Mr Bill Lloyd, has been appointed to the board.

★

BANQUE ARABE ET INTERNATIONALE D'INVESTISSEMENT GROUP has appointed Mr Adrian McGrath to the management team, with responsibility for the project and export finance divisions. He has joined the board of B.A.I.I. Project and Trade Finance. Mr McGrath joins B.A.I.I. after a brief spell with Lummus Crest. Prior to that he had been a long-term employee of the Laing Construction Group, for the last eight years as group treasurer.

★

Mr Nicholas Watkins has been appointed managing director of RANK VIDEO DUPLICATION. He was formerly operations director of RVD.

★

Mr Michael Macdonald, formerly sales director, has been appointed managing director of CARLSBERG'S Danish lager brewery in Northampton. Mr Derek Cook has rejoined as sales director after six years with a Scottish brewing group. Mr Michael Iuul, former head of Carlsberg in the UK, remains as deputy chairman: but has been promoted to lead global operations for United Breweries of Denmark, Carlsberg's parent company. Mr Iuul will be based in Copenhagen.

★

Mr P. S. Wilson has been appointed deputy chairman of LONDON UNITED INVESTMENTS.

★

Mr Peter Clark, secretary general of the Market Research Society since 1977 is to join AMRA (ADVERTISING MEDIA REPRESENTATION AGENCY) as marketing director in June. Mr Alan Heasman, creative manager of the Kent Messenger Group, is to become creative director.

★

Mr Stephen B. Rumball has been made a director of J. F. CHOWN AND CO.

Chief ship surveyor for Lloyd's

Mr Garry Beaumont has been appointed chief ship surveyor for LLOYD'S REGISTER OF SHIPPING. Formerly senior representative for West Germany, he succeeds Mr Jim Cheshire, who has retired.

★

The following changes have been made by J. W. CAMERON AND CO, a member of the Ellerman Holdings Group. Mr Charles F. Porter has become deputy chairman. He will also head the head office division which will control financial and other management services. Mr John R. Sands is appointed managing director—Camerons inns division, having responsibility for the development of all managed and tenanted houses. Mr Alistair G. Arkley is made managing director—Camerons brewing division, having responsibility for the development of Camerons brands, sales, both regional and national, and brewing and distribution.

★

RANSOMES SIMS AND JEFFERIES has appointed Mr Helmut Adam, president of the U.S. subsidiary Ransomes Inc, to the main board of directors as from June 1.

★

Mr Nick Lloyd, sales director, has been promoted to executive director retail at EVERARDS BREWERY. Mr Howard Sumner-Fergusson has resigned as board director to pursue his own interests.

Mr David Sanders is to become CENTRAL INDEPENDENT TELEVISION'S first business development controller. He was marketing director of Guild Home Video.

★

ELLIS AND EVERARD has the following divisional appointments: Mr Deryk I. King, representing ICI, has been appointed to the board of the merchanting division. He replaces Mr Peter T. Hollins, also a representative of ICI. Mr Ian A. Watling has been appointed to the board of the fine chemicals division as marketing and sales director.

★

Mr David G. Meads and Mr Roger J. Pinfold have been appointed directors of NASH INDUSTRIES.

★

Mr Stephen Rowlinson has been appointed managing partner of KORN/FERRY INTERNATIONAL. Mr Walter Goldsmith, Korn/Ferry's chairman and chief executive, is to take up a senior position with Trusthouse Forte on June 1 and will consequently be reducing his executive duties at Korn/Ferry while remaining as chairman.

★

At the annual meeting of the WESTERN PROVIDENT ASSOCIATION Sir Alec Merrison was elected chairman to succeed Mr Alan G. Wright who is retiring. Sir Alec is chairman of Lloyds Bank Bristol regional board and a member of its UK management board.

★

LUPOFRESH has appointed Mr Ian R. Ibbotson, company secretary, a director. He is also managing director of British Hop Products (Growerfresh).

Mr Jeffrey W. Herbert has been appointed chairman of PANDROL INTERNATIONAL. Mr Herbert was formerly managing director of Paxman Diesels, a subsidiary of GEC.

★

At a meeting of the board of SIGMA COATINGS on March 21 Mr Victor Fergusson was elected a director and Mr J. Cunningham an alternate director.

★

Mr S. M. Yassukovich, deputy chairman, has left EUROPEAN BANKING GROUP, European Banking Company Ltd in London and European Banking Company SA in Brussels. No successor will be appointed as Mr W. A. Blackwell, Mr P. J. M. Bulters, Mr R. C. Kahrmann and Mr D. R. Mitchem, managing directors, will continue their responsibility for the management of the group. The shareholders in European Banking Group are Amsterdam-Rotterdam Bank, Banca Commerciale Italiana, Creditanstalt-Bankverein, Deutsche Bank, Midland Bank, Societe Generale de Banque and Societe Generale.

★

Miss Masako Watanabe has been appointed a manager of BARING BROTHERS AND CO.

★

Mr John Thorpe has been appointed chairman of INDEPENDENT ENGINEERING SERVICES which has been formed to provide insurance risk engineering services to the international insurance industry. The company is a subsidiary of Alexander Howden. Mr Thorpe was with the Sedgwick group.

★

Dr Philip Owens has joined BECHTEL in London as business development manager with responsibility for al onshore projects in Europe. He has 20 years experience in the contracting industry and was previously with Lummus Crest for 10 years.

★

Mr Ted Watts has been appointed chairman of RICS JOURNALS in place of Mr Richard Luff who has resigned following his appointment as director of property management at British Telecommunications. Mr Watts is also the senior partner of Watts and Partners, chartered building surveyors. Mr David Coeblin, a director of The Builder Group, has joined the board of RICS Journals.

★

Mr Ray Battersby has been appointed director and general manager of SUZUKI GB (CARS), a Heron International company. He was previously commercial director of Lancar and spent many years with Heron Suzuki before joining that company.

★

Mr Graham Picken has been appointed a director of FORWARD TRUST GROUP. He will retain his duties as regional director, southern region until November, when he will become director, field operations based in Birmingham, with responsibilities for marketing and operations. Mr Ian Cotterill has been made director of finance. He was controller of finance and planning.

★

SARASIN INTERNATIONAL SECURITIES has made Mr John Buckeridge a director. He has worked with Chase Manhattan Bank as its Eurobond fund manager both in the Middle East and London.

★

Mr P. S. Wilson has been appointed deputy chairman of LONDON UNITED INVESTMENTS.

★

Mr Bob Wollaston has become managing director of KENTUCKY FRIED CHICKEN (GB). He was previously deputy managing director.

Public Works Loan Board rates

Years	Quota loans repaid by EIP†	A‡	at maturity§	Non-quota loans A* repaid by EIP†	A‡	at maturity§
1	—	—	12	—	—	12¼
Over 1, up to 2	12	12	11¾	13	13	12¾
Over 2, up to 3	12	11⅞	11⅞	13	12⅞	12⅝
Over 3, up to 4	11⅞	11⅞	11⅝	12⅞	12¾	12½
Over 4, up to 5	11¾	11¾	11½	12⅝	12⅝	12¼
Over 5, up to 6	11⅝	11⅝	11⅜	12½	12½	12¼
Over 6, up to 7	11⅝	11½	11⅜	12½	12⅜	12⅛
Over 7, up to 8	11½	11½	11¼	12⅜	12⅜	12⅛
Over 8, up to 9	11½	11⅜	11¼	12¼	12¼	12
Over 9, up to 10	11⅜	11⅜	11⅛	12¼	12⅛	12
Over 10, up to 15	11¼	11¼	11	12⅛	12	11⅞
Over 15, up to 25	11⅛	11⅛	11	11⅞	11⅞	11¾
Over 25	11	10⅞	10⅞	11⅝	11⅝	11½

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

INTERNATIONAL COMPANIES and FINANCE

Aga in SKr 3bn bid to increase Uddeholm stake

BY DAVID BROWN IN STOCKHOLM

AGA, the Swedish industrial gas group, is seeking to raise its stake in Uddeholm, the tooling steel and hydropower group, to 90 per cent in a cash and share transaction valued at nearly SKr 3bn ($327m).

Aga, already one of the world's five biggest industrial gas companies, said the deal would help to strengthen its existing gas operations. It is understood to be considering the purchase of one of its major foreign competitors.

It has a direct and indirect holding in Uddeholm of just over 50 per cent, but will gain control over its substantial assets if the bid succeeds.

These include some SKr 1.5bn liquid assets, hydropower holdings valued at SKr 1bn, and Uddeholm Tooling, a leading manufacturer of tooling steel. The group has a turnover of SKr 2.4bn.

Aga has offered a premium of 27 per cent in an elaborate combination share, convertible note and cash payment. Shareholders will be offered three Aga shares or the equivalent in convertible notes plus SKr 75 for each Uddeholm share.

In order to help finance the deal, Aga will issue 18m new shares bringing its total outstanding to 48m after an already announced three-for-one split.

Aga will also reduce its current holding in Tresor, a Swedish investment company, to below 40 per cent by the year end. After the exchange, Tresor will control some 10 per cent of the voting power in Aga.

Last December Aga, with annual sales of SKr 4.23bn, acquired a small stake in Uddeholm as well as majority control over Tresor. Tresor's main asset is a holding of more than 45 per cent in Uddeholm. The transaction was valued at SKr 600m. Tresor will realise a capital gain of about SKr 823m in the latest deal, Aga said.

The announcement was expected after the suspension of trading in Aga, Uddeholm and Tresor shares last Wednesday. The deal is opposed by Uddeholm employees.

● Sanvik, the Swedish cemented carbide and specialty steel group, said first quarter profits before extraordinary items surged 72 per cent to SKr 362m ($39.5m) on a 14 per cent rise in sales. A "decidedly better" result is expected in 1985, said Mr Per-Olaf Eriksson, president.

Dresdner plans Tokyo listing

BY JONATHAN CARR IN FRANKFURT

DRESDNER BANK, West Germany's second biggest commercial bank, plans to have its shares quoted soon on the Tokyo stock exchange—making it the first German enterprise to take this step.

Dr Wolfgang Roeller, chief executive, said the move underlined both Dresdner's special interest in Tokyo as an international financial centre and its aim to strengthen its business in Japan.

The announcement, made to the annual shareholders' meeting here yesterday, comes at a time of growing efforts by German banks to penetrate the difficult Japanese market.

The Bundesbank, not least at the urging of German banks, has excluded Japanese banks from new arrangements to liberalise the capital market here—until Tokyo is ready to offer reciprocal benefits for German banks in Japan.

Dresdner's shares are already quoted outside Germany on stock exchanges in Amsterdam, Brussels, Antwerp, Luxembourg, Paris and Vienna as well as at three centres in Switzerland.

However, the decision to go for a listing in Tokyo helps underline the new mood of confidence at Dresdner after relatively weak results at the start of this decade.

Last month Dr Roeller was able to announce that the bank proposed raising its dividend for 1984 to DM 7.50 from DM 6 per share, after making an operating profit of more than DM 2bn.

And yesterday he told shareholders the bank's performance so far in 1985 had been strong, with markedly increased business volume, higher interest and commission profits and a good result from own account trading.

Dr Roeller gave no figures, however. Dresdner's share price closed in Frankfurt at DM 223.80—up DM 2.30 on Thursday's figure.

Dr Roeller also urged that all efforts be made to develop West Germany's eight stock exchanges (most very small by international standards) to help compete with those in London, New York and Tokyo.

Dr Roeller said technical improvements should be made, including establishment of an inter-regional German stock exchange computing centre and a lengthening of business hours.

After appropriate legal changes, a unified German stock exchange market should be established.

Helaba pays same after decline

BY OUR FRANKFURT STAFF

HESSISCHE LANDESBANK (Helaba), one of West Germany's largest publicly owned banks, is paying a steady 5 per cent dividend on last year's earnings as it continues its cautious policies aimed at preserving its hard-won financial stability.

The bank, owned equally by the Government and community-owned savings banks of the state of Hesse, has paid a dividend for two years in succession after omitting a payout for the previous 10 years.

Dr Heinz Sippel, who was brought in to put the bank on its feet in 1975, is retiring as chief executive at the end of this year and will be succeeded by Dr Herbert Kazmierzak, a member of the management board.

Under Dr Sippel the state-owned bank has steadily overcome the heavy losses which engulfed it in the early 1970s and has long since extricated itself from local political controversy.

Helaba's total operating profit, including trading results, declined to DM 330m ($103.4m) last year from DM 380m in 1983. Net interest income was DM 38m lower at DM 563m as a result of a decline in the average business volume and tighter interest rate margins.

The bank transferred DM 25m into published reserves, compared with DM 50m in 1983, before paying a dividend.

Group assets rose to DM 68.57bn at the end of last year, compared with DM 65.15bn at the end of 1983.

Third year of poor profits at Piaggio

BY JAMES BUXTON IN ROME

PIAGGIO, the Italian maker of scooters, motorbikes and light vehicles, produced a meagre profits last year for the third year in succession.

Net profit was L765m ($377,000), compared with figures for 1983 of L351m, and for 1982 of L729m. Debt, however, declined from L120.48bn in 1983 to L83.8bn in 1984.

The Genoa-based company saw its turnover fall from L600bn in 1983 to L569bn in 1984. The number of vehicles sold fell 17 per cent to 552,000, amounting to almost three-quarters of the Italian market. Production was down 21 per cent at 513,000 vehicles.

The company, which has cut its output by 45 per cent since 1980, has had to adjust to sharp falls in demand for its products as a result of recession, the declining number of young people in many European countries and competition for young people's spending power caused by rival attractions such as hi-fi and even cars.

It has also had to make substantial lay-offs in its labour force.

Pirelli to restructure quarter of total debt

By Alan Friedman in Milan

PIRELLI, the leading Italian Tyres and cables group, is to restructure just under a quarter of its total debt, which last June stood at $1.2bn.

The restructuring, which is expected to save the group roughly $75m in interest charges over the next decade, is to be achieved via the launch of a series of convertible bond issues totalling L500bn ($251m). These are likely to be launched in August or September in various currencies on the Euromarket and also on the domestic Italian capital market.

The issues, which will have maturities ranging from seven to 15 years, are subject to the approval of Pirelli shareholders, who are being called to an extraordinary meeting on June 28.

At least L40bn of the funds raised is destined to be used for the purchase by Societe Internationale Pirelli, the Swiss holding company, of a 20 per cent stake in Carlo Gavazzi of Zurich, a high technology factory automation company.

Industrie Pirelli, the Italian operating company, is meanwhile to raise L103bn through the offer to its shareholders of bonds convertible into ordinary shares in Pirelli SpA, the Italian holding company. Industrie Pirelli's total debt as at last December 31 stood L635.8bn, against share capital and reserves amounting to L338.4bn. The aggregated Pirelli group share capital and reserves last June was $1.7bn.

Sig Jacopo Vittorelli, managing director of Pirelli SpA, said the funds raised would go directly into five or six European operating companies and that the principal aim was to reduce interest charges and restructure debt.

UPI owners in court move to oust chairman

By Our New York Staff

THE principal owners of UPI, the second biggest U.S. news wire agency which filed for protection from creditors under chapter 11 of the U.S. bankruptcy code last month, are seeking a court order to remove Mr Luis Nogales, UPI's chairman, in order to clear the way for a quick sale of the company.

There has been considerable friction between UPI's management, under Mr Nogales, and its owners for some time, culminating in the sacking of Mr Nogales in March. He was rehired after UPI's main banker and the main trade union representing the staff put pressure on the owners.

Mr Douglas Ruhe, who owns the majority of UPI along with his partner Mr William Geissler, said the removal of Mr Nogales would "clear the way for the sale" of Media News Corporation, UPI's holding company, "without interference from third parties."

Mr Ruhe's lawyers said the two owners of UPI had been negotiating with several potential purchasers

Global Marine drops payout, posts loss

BY WILLIAM HALL IN NEW YORK

GLOBAL MARINE, one of the world's biggest offshore drilling contractors, has omitted its quarterly dividend and plans to seek a restructuring of its $1.1bn debt.

The Houston-based company, which has more than trebled the size of its drilling rig fleet over the last four years and more than tripled its borrowings, said yesterday that the expected improvement in the offshore oil industry had failed to materialise and the company expected to run short of cash during the later part of 1985 or 1986.

Global also announced a first-quarter net loss of $18m or 67 cents a share, compared with a profit of $5m, or 4 cents last year, while revenues rose from $102m to $110m. The six cents per share quarterly dividend is being omitted until such time as the company returns to profitability.

The company is also deferring payment of the dividend on the cumulative preferred stock in an effort to conserve cash "during the extended downturn in the offshore drilling industry."

Mr C. Russell Luigs, Global's chairman, said: "Industry utilisation rates and days rates improved steadily during 1984 in all offshore markets, and we entered 1985 anticipating a continuation of these trends, leading to market equilibrium later this year.

"It is now evident that offshore operators have curtailed their 1985 exploratory expenditures due to concerns related to oil industry restructuring and mergers, oil price instability and possible tax law changes."

The company plans to meet with its bankers and debenture holders later this month to begin discussions on the restructuring of its debt. It has recently taken steps to cut its costs by $20m a year and reduced its workforce by 13 per cent since the start of the year.

AMF to fight Jacobs

BY TERRY DODSWORTH IN NEW YORK

AMF, the U.S. leisure, energy and process equipment company, is preparing to fight off a takeover bid by Mr Irwin Jacobs, the Minneapolis investor, by buying in shares through a debt offer.

The company said it would give rights to its shareholders to swap their shares for a new package of debentures and preference stock which would rank above common stock for interest and dividend payments.

This "poison pill" offer is meant to make it both more difficult to acquire AMF, and less attractive to a potential buyer because of the higher level of debt in the company. The rights are only triggered under certain circumstances, hinged on the hostile acquisition of 30 per cent of the company's shares.

In addition, AMF is pursuing the sale of all or part of its business. It described the $23 a share offer by Mr Jacobs for 43 per cent of the company as "inadequate."

Japanese sign NW shelf deal

By Our Financial Staff

SUPPLY and purchase agreements, which give the green light for the second, export phase of Australia's A$14bn (US$9.6bn) North West Shelf natural gas project, were signed in Melbourne yesterday between the partners in the project and the eight Japanese utility companies which are to import the liquefied gas. Formal contracts are expected to be signed by the end of July.

The Japanese customers will import 5.84m tonnes of LNG a year for a period of 19 years, beginning in October 1989. Under earlier understandings, the price to be paid for the LNG will be calculated on the basis of the average paid by the customer utilities for LNG from all of Japan's other main suppliers.

Sharp advance for CFP

By Paul Betts in Paris

COMPAGNIE Francaise des Petroles, the French Total oil group, has reported sharply higher earnings of FFr 1.7bn ($175m) last year compared with group profits of FFr 774m the year before.

The improvement is essentially the result of earnings from upstream oil production operations. The group continued to suffer heavy losses in refining and petrol distribution in France.

Sales rose from FFr 140bn in 1983 to FFr 159bn last year. Gross capital expenditure was slightly lower at FFr 9.7bn compared with FFr 10.1bn. Cash flow rose from FFr 8.1bn to FFr 8.7bn, mainly because of oil production especially in the North Sea.

Nestle buys coffee roaster

BY JOHN WICKS IN ZURICH

NESTLE, the Swiss foods group which recently completed the $3bn takeover of Carnation, is further expanding in the U.S. through the acquisition of MJB, the San Francisco coffee roaster company, for an undisclosed prices.

MJB, hitherto privately-owned, is a supplier of roast, ground and instant coffee, as well as tea and rice products. The company has plants in Union City, California, and Denver, Colorado, and employs about 500 people.

Nestle is already active in the North American coffee market, primarily with its Nescafe instant coffee and through the recently acquired ground and soluble-coffee supplier Hills Brothers Coffee, also of San Francisco.

Meanwhile, Carnation said it plans to sell its milling division, and has retained Hambro America, the New York investment-banking firm, to help look for buyers.

WORLD STOCK MARKETS

NEW YORK

[illegible]

WALL STREET

Higher on budget vote

A FURTHER ADVANCE developed on Wall Street yesterday, when investors responded enthusiastically to news that the Senate voted in favour of a budget-cutting plan.

By 1 pm the Dow Jones Industrial Average was up a further 13.03 to 1,273.30, making a rise of 26.06 on the week, while the NYSE All Common index at $106.65, rose $1.34 on the day and $2.48 on the week. Advances led declines by a three-to-one ratio in a volume of 108.9m shares.

Michael Metz of Oppenheimer and Co. said as a result of the U.S. Senate vote early this morning in favour of a Budget-cutting plan there was now "optimism that something might actually be done."

He said some investors were waiting for a signal and the news on the vote pushed Bonds and stocks higher. He also noted there was something of a surprise factor because there had been signs of a stalemate on the Budget.

How long the rally lasts will depend on whether it can inspire non-Institutional buyers, he added.

The Budget plan must still go through the U.S. House.

There was also news of a very modest rise in April producer prices.

Bond prices rose by more than a full point, with the Senate's vote in the early morning bringing buying orders from Japan.

ATT led the actives, up $⅛ to $22⅞. IBM was second, up $2 to $129⅞.

Digital Equipment moved up $3½ to $104⅜. Cray Research $2 to $78 and Data General $1½ to $39½.

Jack Eckerd fell $3½ to $22⅞ in active trading—analysts said they were surprised by the company's statement late Thursday that third-quarter earnings would be about half of last year's 48 cents per share.

Ford moved up $1⅛ to $43⅜. General Motors firmed $⅛ to $69¼ and Chrysler improved $⅞ to $35⅜.

THE AMERICAN SE Market Value index gained 1.23 to 227.87, making a rise of 2.37 on the week. Advances led declines by a two-to-one ratio.

BAT Industries, the most active issue, advanced $1 1-6 to $4.

Closing prices for North America were not available for this edition.

CANADA

Stocks prices posted strong gains in heavy trading at mid-session, in line with the sharp advance on Wall Street.

The Toronto Composite index started the day with a gain of more than 10 points, and by mid-session was ahead 14.45 at 2,630.0. Metals and Minerals put on 19.6 to 1,990.4 and Gold rose 43.5 to 3,763.2. But Oil and Gas shed 9.7 to 3,415.0.

Mitel jumped $⅛ to $10½ and topped the active list on British Telecommunications agreement to acquire 51 per cent of the company.

Gulf Canada slipped $⅛ to $19⅞. Bell Canada, up $⅜ at $40⅞, has denied making a bid for Gulf.

GERMANY

Share prices closed little changed, holding on to Thursday's record levels but making no further advances, as investors began to wind down early ahead of the weekend. No factors emerged to aid trading.

But continuing easing interest rates, echoed by the West German Finance Ministry lowering of yields on standing Bond issues yesterday, still supported markets.

The Commerzbank index of 60 leading shares, calculated at mid-session, held on to Thursday's record level of 1,244.5.

The Electrical sector drew the most attention, with Varta rising DM 6, and AEG DM 4.20. Dealers said the gains came on Varta's good first quarter earnings figures released during the week and preliminary reports that AEG, which will announce its earnings Wednesday, more than doubled its profit to DM 100m in 1984 from DM 37m in 1983.

HONG KONG

Slightly higher in active trading following bargain hunting.

After dipping 10.75 the Hang Seng Index finished 3.27 up at 1,613.36. Turnover HK$372.26m (HK$ 507.09).

Speculation over a local interest rate cut today helped revived buying interest in late trading, brokers said, noting that banks still attracted attention. Hang Seng Bank and Wing Lung Bank each rose HK$ 1.25 to HK$ 50 and HK$ 46.75 respectively.

Profit-taking was the dominant feature of the market, brokers said. Aside from Hongkong Telephone and a couple of others, people were selling out of Blue-Chips, said one broker.

Selective local buying carried some shares higher. Hongkong Telephone was a chief beneficiary of the buying and advanced HK$5.5 to 88, largely because of statements by the utility's managing director that the company has budgeted for capital expenditure of about HK$4bn over the next five years. Much of the expansion is aimed at China.

Trafalgar Housing shed 1 cent to 32 cents — it is the subject of insolvency rumours.

TOKYO

Share prices rose steadily throughout the day led by incentive-backed issues, driving the market average to its highest closing this week.

The Nikkei Dow Market average climbed 52.80 to 12,527.31, recouping Thursday's 46.69 loss on active turnover of 430m (340m) shares.

The broader based SE index shed 1.58 to 979.49. Turnover 16m (15.5m) shares.

Early buying of biotechnology-related Foods and Chemicals spread to new materials in the afternoon. Shares that rise on a strong yen and domestic-orientated issues also firmed, but International populars mostly eased and ignored Wall Street's sharp upturn.

Buying focused on a narrow slice of favourite shares. Dealers said biotechnology-related issues advanced early on, led by those engaged in research on the potential anti-cancer agent TNF (tumour necrosis factor).

Asahi Chemical rose Y56 to 934, Toyojozo Y70 to 1,860, Kirin Brewery Y26 to 665, Yamanouchi Pharm Y60 to 2,950, Dainippon Pharm Y110 to 4,510 and Daiichi Seiyaku Y30 to 1,960.

SINGAPORE

Share prices advanced in somewhat heavier trading, on indications that the chronic split in the Malaysian Chinese Association (MCA) may be near a final resolution.

The Straits Times Industrial index rose 6.36 to 798.14 and the All-Shares index put on 2.33 to 285.12. Advances overwhelmed declines 124-to10 in a turnover of 9.7m (5.6m) shares.

The uptrend was led by Malaysian issues.

Hotels, Properties and Commodities rose in line with the general trend.

AUSTRALIA

Share markets closed easier but off their lows as buying for selected Gold issues helped offset an early run of profit-taking.

The All Ordinaries index lost 4.3 to 884.7, the All Resources index 6.2 to 610.4, the All Industrials index 1.2 to 1,234.8 and Oil and Gas 4.0 to 666.3. But the Gold index rose 13.1 to 931.8.

National turnover 55.23m shares, valued at A$77.33m. Rises outnumbered falls by about a four-to-three majority.

Brokers said local traders began taking profits at the opening following a series of record highs this week but overseas buyers entered the market later.

Signs of weakness in the Australian dollar following its strong recovery against the U.S. dollar earlier in the week caused foreign investors to take profits in their Australian share holdings.

Lower International Gold and Base Metal prices hurt the Mining and Resource issues, which led the market lower.

North Broken Hill shed 5 cents to A$4.45 on a substantial selling order by a U.S.-based institution.

In Golds, GMK put on 20 cents to A$9.50, aided by an overseas order for 200,000 shares.

Although most non-Ferrous Metals and Steels held their recent gains, Utilities and Oils eased in the afternoon on concern the rise was too fast, and on a shift in buying focus to Real Estates.

CANADA

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NEW YORK Indices

DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

TORONTO

[illegible]

MONTREAL Portfolio

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar nervous

The dollar finished trading on a slightly firmer note yesterday although the mood of the market still reflected uncertainty over the future course of U.S. interest rates and the performance of the U.S. economy. News of a 0.3 per cent rise in U.S. producer prices was a little below expectations but had no real impact on the market. The dollar closed at DM 3.1185 from DM 3.1110 and SwFr 2.6295 compared with SwFr 2.6145. It was also higher against the yen at Y252.50 from Y251.50 and FFr 9.51 from FFr 9.49. On Bank of England figures, its index was 146.9 from 147.1.

Sterling was slightly firmer overall, underpinned by high interest rates and little hope of an early reduction in clearing bank base rates. Its index $1.2340, a fall of 30 points from Thursday but up from the day's low of $1.2185. It was firmer against the D-mark at DM 3.8525 from DM 3.8500 and Y312 from Y311. Against the Swiss franc it improved to SwFr 3.25 from SwFr 3.2350 and FFr 11.74 compared with FFr 1.7250. Against the dollar it closed at finished at 78.1, up from 77.9.

STERLING INDEX

	May 10	Previous
8.30 am	77.9	77.6
9.00 am	78.0	77.8
10.00 am	77.9	77.8
11.00 am	78.0	77.6
Noon	77.9	77.8
1.00 pm	77.8	78.0
2.00 pm	77.8	78.0
3.00 pm	78.1	78.1
4.00 pm	78.1	77.9

£ IN NEW YORK

	May 10	prev. close
£ Spot	$1.2300-1.2325	$1.2175-1.2195
1 month	0.47-0.45pm	0.46-0.44pm
3 months	1.31-1.27pm	1.26-1.24pm
12 months	3.35-3.20pm	3.12-3.05pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

May 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2185-1.2365	1.2335-1.2345	0.48-0.45c pm	4.52	1.31-1.28 pm	4.16
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.73
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.64
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.35
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.06
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.78
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.88
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−15.42
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−0.74
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−9.57
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.27
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.17
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−2.16
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.24
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.28
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.54

Six-month forward dollar 2.30-2.25c pm. 12-month 3.30-3.15c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

May 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2185-1.2365	1.2335-1.2345	0.48-0.45c pm	4.52	1.31-1.28 pm	4.19
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.23
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.44
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.45
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.02
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−6.93
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.73
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−17.88
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−5.00
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−4.55
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−4.23
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.59
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−6.28
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.06
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.59
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.36

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.00-63.10.

OTHER CURRENCIES

May 10	£	$		£ Note Rates
Argentina Peso	602.60-604.00	490.20-409.30	Austria	26.90-27.20
Australia Dollar	1.7620-1.7866	1.4425-1.4515	Belgium	77.40-78.20
Brazil Cruzeiro	6,282-6,318	5,110-5,130	Denmark	15.70-15.89
Finland Markka	8.0165-8.0470	6.5030-6.5050	France	11.96-11.80
Greek Drachma	167.75-171.41	130.87-152.13	Germany	3.83-3.86
Hong Kong Dollar	9.6000-9.6200	7.7720-7.7770	Italy	2435-2470
Iran Rial	118.25*	94.10*	Japan	308-312
Kuwait Dinar (KD)	0.3745-0.3755	0.30310-0.30320	Netherlands	4.32-4.40
Luxembourg Fr	77.55-77.65	62.75-62.85	Norway	11.02-11.13
Malaysia Dollar	[illegible]	[illegible]	Portugal	213-225
New Zealand Dlr	[illegible]	[illegible]	Spain	212-218
Saudi Arab Riyal	[illegible]	[illegible]	Sweden	11.08-11.19
Singapore Dollar	[illegible]	[illegible]	Switzerland	3.22-3.25
Sth African Rand	[illegible]	[illegible]	United States	1.22-1.24
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	300-360

* Selling rate.

† Corrections (May 9): Australia—£ 1.7900-1.7950 Kuwait—£ 0.3740-0.3750. NZ—£ 2.7100-2.7400 and Singapore—$ 2.2160-2.2210.

EXCHANGE CROSS RATES

May 10	Pound Sterling	U.S. Dollar	Deutschem'k	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.234	3.853	312.0	11.74	3.250	4.345	2431.	1.700	77.00
U.S. Dollar	0.810	1.	3.110	252.5	9.510	2.630	3.518	1223.	1.470	62.20
Deutschemark	0.260	0.320	1.	80.92	3.047	0.844	1.128	632.9	0.441	20.14
Japanese Yen 1,000	3.205	3.955	12.35	1000.	37.63	10.42	13.93	7808.	5.448	248.7
French Franc 10	0.852	1.051	3.282	265.0	10.	2.768	3.701	2080.	1.449	65.10
Swiss Franc	0.308	0.380	1.186	96.00	3.612	1.	1.337	757.3	0.525	23.56
Dutch Guilder	0.230	0.284	0.887	71.81	2.702	0.748	1.	566.0	0.391	17.60
Italian Lira 1,000	0.406	0.501	1.565	126.8	4.770	1.320	1.765	1000.	0.691	31.05
Canadian Dollar	0.588	0.726	2.260	183.5	6.906	1.912	2.555	1448.	1.	45.60
Belgian Franc 100	1.299	1.590	4.985	402.1	15.13	4.188	5.959	5172.	9.191	100.

MONEY MARKETS

Little change

Interest rates were little changed in London yesterday in rather dull and featureless trading. Three-month interbank was quoted at 12¾-12⅝ per cent compared with 12⅝-12½ per cent while three-month eligible bank bills were bid at 12⅛ per cent, unchanged from Thursday. Week-end interbank money opened at 12½-12¾ per cent and touched a high of 13 per cent before slipping away to 8 per cent.

UK clearing banks base lending rate 12½-12¾ per cent since April 19

The Bank of England forecast a shortage of around £600m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £352m and the unwinding of previous sale and repurchase agreements a further £107m. There was also a rise in the note circulation of £200m and banks brought forward balances £40m below target. These were partly offset by Exchequer transactions adding £115m.

To help alleviate the shortage the Bank offered an early round of assistance which totalled £72m and comprised purchases of £10m of eligible bank bills in band 1 (up to 14 days) at 12½ per cent in band 2 (15-33 days) £2m of Treasury and £19m of eligible bank bills all at 12½ per cent. In band 3 (34-63 days) it bought £18m of eligible bank bills at 12⅜ per cent and in band 4 (64-91 days) £23m of eligible bank bills at 12 per cent.

The forecast was later revised to a shortage of around £650m before taking into account the early help and the Bank gave additional help in the morning of £302m. This comprised purchases of £22m of eligible bank bills in band 1 at 12½ per cent, £138m in band 2 at 12½ per cent, £100m in band 3 at 12½ per cent and in band 3 £10m of Treasury bills and £32m of eligible bank bills all at 12 per cent. In the afternoon the Bank gave assistance of £334m. The afternoon help comprised purchases of £80m of eligible bank bills in band 1 at 12½ per cent, £231m in band 2 at 12½ per cent, and in band 3 £23m of Treasury bills at 12½ per cent. The Bank also gave late assistance of £20m, making a total of £728m.

LONDON MONEY RATES

May 10 1985	Sterling Certificate of Deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	8-15	12½-12¾	12½-12¾	6-12½	—	—	—	—	—
2 days notice	—	—	12½-12¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12½-12⅝	12⅝	12⅝	12½-13	12½	—	—	—	—
One month	12⅝-12⅝	12⅝-12⅝	12⅝	12⅝	12½	12½	—	—	—	—
Two months	12⅝-12⅝	12⅝-12⅝	12⅝	12⅝	12½	12⅛	12⅛	12⅛	12⅛	12⅝
Three months	12⅝-12⅝	12⅝-12⅝	12⅝	12⅝	12½	12	11⅞	12⅛	12	12⅝
Six months	12⅝-12⅝	12⅝-12⅝	12⅝	12⅝	12½	—	—	11⅞	11⅞	12⅝
Nine months	12⅝-12⅝	12⅝-12⅝	—	—	—	—	—	—	—	—
One year	12⅝-12	12⅝-12⅝	12⅛	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12⅝-15⅛	—	18⅝	8.0-8.1	7⅞-8⅛	9⅛-9⅛
Two months	12⅝-15⅛	—	12⅝	8.1-8.3	8⅛-8⅛	9⅛-9⅛
Three months	12⅝-15⅛	—	12⅝	8.25-8.30	8⅛-8⅛	9⅛-9⅛
Six months	12⅝-12⅝	—	12⅝	8.50-8.65	8⅛-8⅛	9⅛-9⅛
Nine months	12⅝-12⅝	—	12⅝	8.75-8.85	—	—
One year	12⅝-12⅝	—	12⅝	9.0-9.1	8⅛-8⅛	9⅛-9⅛
Two years	—	11⅝	—	—	—	—
Three years	—	11⅝	—	—	—	—
Four years	—	11⅝	—	—	—	—
Five years	—	11⅝	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period April 3 to May 7 (inclusive), 12.187 per cent. Local authorities and finance houses seven days notice, others seven days fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13½ per cent from May 1, 1985. London and Scottish Clearing Bank Rates for lending 12½-12¾ per cent. Bank Deposit Rates for sums at seven days notice 6.65-7.25 per cent (net). Treasury Bills: Average tender rates of discount 11.9926 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 12¾ per cent; one-three months 12¾ per cent; three-six months 12½ per cent; six-nine months 12⅝ per cent; nine-12 months 12 per cent. Under £100,000 11½ per cent from May 9. Deposits held under Series 5 12 per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 10)

3 months U.S. dollars

bid 8 1/4	offer 8 3/8

6 months U.S. dollars

bid 8 9/16	offer 8 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

May 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12½-12⅝	8 0⅛	8⅛-9⅛	6⅛-8⅝	1⅛-1⅝	9⅛-5⅞	10-10⅛	11½-12½	8¾-2	8½-9⅛	0-6⅛	2¼-2¾
7 day's notice	12⅝-12⅝	8⅛-8⅜	2 9⅛	0⅛ 0⅛	1⅛-1⅝	9⅛ 5⅝	10-10⅛	12¾-13⅝	0-2⅛	8⅝-8⅛	6-6⅛	8¼-9⅝
Month	12⅝-12⅝	8⅛-8⅛	2⅛ 8⅛	0⅛-0⅛	4⅛-4⅛	0⅛-9⅝	10⅛-10⅝	12⅝-15⅛	2⅛ 9⅛	6⅛ 9⅛	0⅛-6⅛	2-8⅛
Three months	12⅝ 12⅝	8⅛-0⅛	2⅛-10	0⅛ 6⅛	4⅝-5	9⅝-5¾	10⅛-10⅝	13-13⅝	9⅛-9⅛	8⅛-8⅛	0⅛-6⅝	8⅛-8¾
Six months	12⅛-12⅛	8⅛ 8⅛	10⅛-10⅛	0⅛ 7	5-5⅛	5⅛ 5⅛	10⅛-10⅛	13⅛-14	2⅝ 9½	9⅛ 9⅝	0⅛-6⅝	8⅝-8⅝
One year	12⅛-12⅛	2⅛ 2⅛	10⅛-10⅛	0⅛-7	9-5⅛	9⅛ 9⅛	10⅝-10⅛	14⅛-14⅝	8⅛-10	9⅛-8⅝	0⅛-6⅛	8⅛ 10⅛

Asian $ (closing rates in Singapore): Short-term 0-9⅛ per cent; seven days 8⅛-8⅛ per cent; one month 8⅛-8⅛ per cent; three months 8⅛-8⅛ per cent; six months 8⅛-8⅛ per cent; one year 9⅛-9⅛ per cent. Long-term Eurodollars: two years 10⅝-10½ per cent; three years 10⅝-11 per cent; four years 11⅛-11⅛ per cent; five years 11⅛-11⅛ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1985 High	1985 Low
METALS					
Aluminium	£1146/1175	−5	$1550/1560	£1169/1219	£1085/1115
Free Market cif	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Antimony	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Free Market 99.6%	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copper-Cash High Grade	£1267.5	−10	£1038	£1530	£1164.20
3 months Do. Do.	£1228.5	+15.5	[illegible]	[illegible]	[illegible]
Cold per oz	$314.5	−1	$376.75	$355	$284.70
Lead Cash	£300.5	−10	£330.75	£391.9	£293
3 months	£305.5	[illegible]	[illegible]	[illegible]	[illegible]
Nickel	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Free Market c.i.f. lb	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Palladium per oz	$112.50	+1.5	$157.00	$122.05	$109.70
Platinum per oz	$272.25	+1.5	$356.00	$291.25	$244.95
Quicksilver (76 lbs)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Silver per oz	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 months per oz	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tin cash	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tungsten Ind.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wolfram (22.04 lb)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zinc cash	£680.5	−38.5	[illegible]	[illegible]	[illegible]
3 months	£678.75	−3.75	[illegible]	[illegible]	[illegible]
Producers	$860		$1,050/1,030	$960	$900
GRAINS					
Barley Futures	£99.50	+0.5	£105.85	£117.40	£98.40
Maize French	£150.00	−1	£147.50	£152.20	£148.50
WHEAT Futures	£122.90	−0.10	£128.20	£124.95	£113.00
SPICES					
Cloves	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pepper white	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
black	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OILS					
Coconut (Philippines)	[illegible]	[illegible]	$1,170	$950	$710
Palm Malayan	[illegible]	[illegible]	$690	$580	$565
SEEDS					
Copra (Philippines)	$450y	—	$730	$575	$450
Soyabeans (U.S.)	$244.5	+2.25	$329.0	$255.4	$237.25
OTHER COMMODITIES					
Cocoa Futures July	£1802.5	+29	£2092.9	£2,265.5	£1680
Coffee Futures July	£2165.5	−43.5	£2130.5	£2,457	£2087.5
Cotton Index		—	89.45c	71.95c	65.40c
Des. Coconut		—	£1,065	£1,250	£1060
Gas Oil Fut. July	$219	+0.70	$238.20	$230.5	$214.25
Jute UA BWC grade	$945	—	$500	$945	$625
Rubber kilo	66p	—	78.5p	70p	68p
Sisal No. 3L	$640	—	$650	$670	$680
Sugar (Raw)	$84v	−7.5	£108	$122.5	$83
Tea (quality) kilo	†	—	220p	340p	250p
(low med) kilo	115p	—	884p	256p	115p
Wooltops 64s Super	475p kilo	—	475p kilo	526p kilo	463p kilo

† Unquoted. (g) Madagascar. (x) June. (v) May-June. (w) July. (t) Sept.

(v) May-June. (w) July. (t) Sept.

REVIEW OF THE WEEK

Currency fluctuations the main influence

BY OUR COMMODITIES STAFF

FLUCTUATIONS in the sterling/dollar parity rates continued to be the dominating influence in most London metal and commodity markets this week.

On the London Metal Exchange there was a general downward trend in prices as the value of sterling rallied. Nevertheless there were several other influences at work.

In the copper market the scarcity of supplies immediately available pushed the higher grade cash price to a premium of over £100 above the three months quotation at one stage, following yet another decline in the LME warehouse holdings to the lowest level for 11 years.

However the cash price premium subsequently narrowed considerably with rumours of shipments coming across the Atlantic, attracted by the high prices in London. Yesterday the higher grade cash price of copper lost £41 to £1,267.5 a tonne, £10 down on a week ago, while the three months' quotation was £8 lower at £1,228.5, showing a gain of £15.5 on the week.

Aluminium responded weakly yesterday to news from the International Primary Aluminium Institute that world stock during March showed a decline of 88,000 tonnes to 4.294m. tonnes compared with February but were still well up on the March 1984 stocks total of 3.833m tonnes.

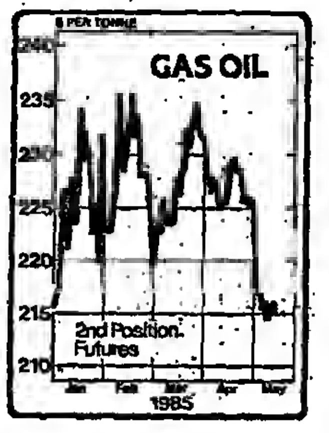
LME aluminium values, dominated by currency fluctuations, showed little change on the week. In spite of another fall in warehouse stocks cash aluminium closed £16 down on the week at £906.5 a tonne.

The biggest price decline (in percentage terms) was suffered by zinc with the cash price dropping by £39.5 to £680.5 a tonne, in spite of reports that workers at the giant Cominco Trail and Kimberley lead-zinc plants were due to strike today.

In the "softs" (non-metal) markets, gas oil futures touched the lowest level since July last year reflecting the general easier trend in oil prices. The International Petroleum Exchange announced that it planned to start issuing its own daily crude oil price index from Tuesday May 14 for 15-day cargoes of Brent blend, ex-Sullom Voe, as a step towards relaunching a crude oil futures contract in London.

The London daily price for raw sugar fell to a 15-year low this week of $83 (£68.50) a tonne. It steadied to $84, still $7.5 down a week ago, but the market remains extremely depressed by a surplus of supplies and sluggish demand for sugar in the industrialised world.

The Ivory Coast Government confirmed this week that it hoped to have a record cocoa crop this season of over 500,000 tonnes, taking into account both the main crop, already harvested, and the forthcoming mid-season crop.



However London cocoa futures advanced strongly yesterday, with the July position gaining £33 to £1,869.5 a tonne, £29 up on a week ago. Traders attributed the rise to "short" covering after the recent sharp decline and the move by the New York Cocoa Exchange's move to confine trading in its spot May position to liquidation of outstanding "open" positions only.

OIL

Although the strong U.S. gasoline market gave the Nymex a firm start and pushed Brent up early in the day much of the gain was eroded late on. By noon EST Nymex was 8 lower. In the petroleum products market gas oil prices rose early on due to a firm U.S. market but softened later to close at Thursday's levels. Heavy fuel was still in good supply with availabilities out of the UK, France and Rotterdam—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—June		
Arab Light	26.95-27.05	—
Arab Heavy	[illegible]	—
Dubai	[illegible]	—
Brent Blend	[illegible]	+0.325
W.T.I. (1 pm est)	[illegible]	+0.30
Forcados (Nigeria)	[illegible]	+0.20
Urals (cif Med)	[illegible]	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	284-280	—
Gas Oil	215-217	—
Heavy fuel oil	151-152	+1.5

* May

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
June	215.80	−1.25	[illegible]
July	215.00	−0.50	[illegible]
Aug	216.75	−0.50	[illegible]
Sept	218.75	−0.75	[illegible]
Oct	220.00	−2.25	[illegible]
Nov	221.25	−0.25	[illegible]

Turnover 894 (974) lots of 100 tonnes.

GOLD

Gold fell $1 an ounce from Thursday's close in the London bullion market yesterday to finish at $314-315. The metal opened at $313-313½ and traded between a high of $317-317½ and a low of $312¾-313¼. Trading was a little confused during the afternoon with the better tone attributed to buying after the opening of New York.

GOLD BULLION (fine ounce) May 10

Close	$314-315	(£255¼-905¾)
Opening	$315-315½	(£256¼-207¾)
M'n'g fix	$315.55	(£254.190)
Aft'n'n fix	$314.50	(£254.141)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$324¼-324¾	(£261¾-262¼)
½ Krug.	[illegible]	[illegible]
¼ Krug.	[illegible]	[illegible]
1/10 Krug.	[illegible]	[illegible]
Mapleleaf	[illegible]	[illegible]
New Sov.	[illegible]	[illegible]
½ New Sov.	[illegible]	[illegible]
Old Sov.	[illegible]	[illegible]
$20 Eagle	[illegible]	[illegible]
Noble Plat	[illegible]	[illegible]

INDICES

FINANCIAL TIMES

May 9	May 8	M'th ago	Year ago
294.96	297.00	299.57	311.10

(Base: July 1 1952 = 100)

REUTERS

May 10	May 9	M'th ago	Year ago
1865.0	1875.8		1980.5

(Base: September 18 1931 = 100)

MOODY'S

May 8	May 7	M'th ago	Year ago
	916	960.1	1060.6

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	May 8	May 7	Month ago	Year ago
Spot	118.48	110.42	120.54	159.28
Fut.	120.06	121.10	124.20	140.23

(Base: December 31 1974 = 100)

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	£906-7	−1.5	—
3 months	£924-.5	+.25	235/922

Official closing (am): Cash 907-8 (907-8); three months 926-1 (923-4); settlement 908 (908). Final Kerb close: 926.5-1.5. Turnover: 10950 tonnes.

COPPER

	Unofficial close (p.m.)	+ or −	High/low
Higher grade			
Cash	£1265-70	−41	1275/1270
Three months	£1228-9	−8	1257/1217

Official closing (am): Cash 1214-5 (1342-3); three months 1218-9 (1240-1); settlement 1275 (1343). Final Kerb Close: 1231-2.

Cathodes			
Cash	£1230-0	+6.0	1255
Three months	£1216-.5	−3.5	1221/1210

Official closing (am): Cash 1234-5 (1255-6); three months 1218-9 (1240-1); settlement 1235 (1256). Turnover: 31750 tonnes. U.S. Producer prices 68.00/ 69.50 cents per lb.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	£300-1	−8.80	303/302
3 months	£305-6	+.75	305/303

Official closing (am): Cash 302-3 (302.5-3); three months 305-6 (304-5); settlement 303 (303). Final Kerb close: 304-05. Turnover: 8775 tonnes. U.S. Spot: 20-21 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	£4480-5	+17.5	—
3 months	£4470-.5	+20	4485/4470

Official closing (am): Cash 4430-5 (4430-40); three months 4470-80 (4425-30); settlement 4435 (4440). Final Kerb close: 4470-80. Turnover: 1168 tonnes.

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/low for day
Cash	£9570-80	−40	9580
3 months	£9550-5	+82	9580
Standard			
Cash	£9568-70	+12.5	9570/9550
3 months	£9545-50	+27	9550/9525

Official closing (am): Cash 9545-50 (9548-5); three months 9530-5 (9530-4); settlement 9545.

Official closing (am): Cash 9540-5 (9548-50); three months 9530-5 (9520-2); settlement 9545 (9550). Final Kerb close: 9530-40. Turnover: 2945 tonnes. Straits tin $m 28.70 (28.66) kilo.

ZINC

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	£080-1	−7.5	688/967
3 months	£078.5-0	−0.5	685/075

Official closing (am): Cash 687.5-88 (686-7); three months 684-5 (686-7); settlement 688 (687). Final Kerb close: 674-75. Turnover: 8215 tonnes. U.S. Prime Western: 46.50-47.75 cents per pound.

SILVER

Silver was fixed 0.1p an ounce lower for spot delivery in the London bullion market yesterday at 510.8p. U.S. cent equivalents of the fixing levels were: spot 629.2c, down 0.8c; three-month 641.25c, down 0c; six-month 655c, down 6c; and 12-month 684.7c, down 8.25c. The metal opened at 513-514p (628-631c) and closed at 511¼-514½p (630-633c).

SILVER per troy oz	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	510.80p	−0.10	510.5p	−2.5
3 months	524.25p	−0.25	525.5p	−2.6
6 months	540.65p	−0.45	—	—
12 months	570.10p	−1.35	—	—

LME—Turnover: 56 (45) lots of 10,000 ozs.

Cash high-low 512; three months high 527, low 526.5. Final kerb 528-529.

FREIGHT FUTURES

The market opened lower based on reports of overnight fixtures. Trade selling took levels lower, but by the session's close, a slight recovery had been staged. A technical reaction rallied prices in the early afternoon but final quotes on the day were easier. The market saw an improved volume and activity has been extended into further forward positions, reports Clarkson Wolff. The Baltic Freight Index was 1,032, down 21.

	Close	High/Low	Prev.
July	940/942	948/935	956/945
Oct	994/996	1005/991	1015/1020
Jan	983/985	987/983	1005/1006
April	1070/1085		1095/1105
July	991/1000	996/995	1000/1009
Oct	1085/1095	1100/1095	1100/1120
Jan	1150/1200		1200/1230
April	1210/1230		1235/1250

Turnover: 153 (79).

COCOA

COCOA	Yesterday's Close	+ or −	Business Done
July	1829-1833	+33.0	1832-1805
Sept	1869-1870	+35.0	1872-1868
Dec	1845-1846	+24.0	1854-1826
March	1790-1800	+19.0	1805-1773
May	1794-1786	+13.0	1790-1773
July	1806-1809	+13.0	1790-1790
Sept	1809-1820	+8.0	—

Sales: 3,812 (3,030) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for May 10: 98.06 (98.38). Five-day average for May 13: 98.27 (98.75).

POTATOES

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
May	60.60	54.70	56.00-55.50
Nov	60.00	65.60	66.30-56.50
Feb	75.00	74.00	—
April	89.70	88.00	89.90-88.00
May	97.00	96.00	98.00-96.00

Sales: 174 (240) lots of 40 tonnes.

SOYABEAN MEAL

	Yesterday close	+ or −	Business Done
	£ per tonne		
June	119.60		
August	122.00-123.00	−0.10	[illegible]
October	125.40-26.00	−0.10	[illegible]
Dec	126.50-27.50	−0.10	[illegible]
Feb	134.20-34.80	−0.10	[illegible]
April	134.60-35.00		[illegible]
June	135.00-36.00		[illegible]

Sales: 82 (2,127) lots of 20 tonnes.

GRAINS

Business done—Wheat: May 130.00-18.65, July 133.10-2.30, Sept 109.00-8.50, Nov 110.45-09.85, Jan 107.20-6.60, Mar 110.45-09.85. Sales: 294 lots of 100 tonnes. Barley: May 118.50 only, Sept 99.50-9.35, Nov 102.95-2.75, Jan 105.60-5.55, Mar 108.15-6.55. Sales: 46 lots of 100 tonnes.

WHEAT Mnth	Yester'd'ys close	+ or −	BARLEY Yesterd'ys close	+ or −
May	110.90	+0.50	114.90	—
July	112.95	+0.15	—	—
Sept	102.00	+0.99	99.50	+0.50
Nov	105.60	+0.60	102.95	+0.50
Jan	107.50	+0.55	105.55	+0.60
Mar	110.00	+0.60	109.75	+0.50

LONDON GRAINS—Wheat: U.S. dark northern spring no 1 15 per cent June 151.65, July 151.85, Aug 149.25, Sept 149.50 sellers transhipment east coast. U.S. no 2 soft red winter June 135.30, July 132, Aug 133.85, Sept 135.20, Oct 137.65 sellers. EC harvest 13 quoted. English feed fob first half June 124.75 quoted, Sept 102, Oct 104 sellers east coast. Maize: U.S. no 3 yellow/French transhipment east coast May 150.50, June 151.50. Barley: English feed fob May 118.50, Sept 102 sellers Scotland. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 114.50, E. Mids 113.30, N. East 113.50, Scotland 113.40. The UK monetary coefficient for the week beginning Monday May 20 (based on HGCA calculations using three days' exchange rates) is expected to remain unchanged.

PIGMEAT

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
June	105.90	104.70	105.00-105.00
July	101.90	101.80	101.40-101.40
Aug	104.60	106.00	106.60-106.60
Nov	107.40	107.00	106.80
Feb	100.00	99.50	100.00
April	100.20	100.00	100.20-100.20

Sales: 122 (165) lots of 50 carcases, 3,250 kg.

COFFEE

ICO indicator prices (U.S. cents per pound) for May 6: Comp. daily 1979 131.36 (130.62); 15-day average 132.00 (131.85).

COFFEE	Yesterd'ys Close	+ or −	Business Done
May	2108-09	+2.0	2100-20
July	2164-67	−10.5	2107-61
Sept	2205-07	+12.0	2207-89
Nov	2235-40	+13.0	2240-84
Jan	2255-60	+13.5	2264-45
March	2285-95	+3.0	2295-50
May	2310-30	+15.0	—

Sales: 1,195 (2,163) lots of 5 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $84.00 (£68.50), unchanged (unchanged) a tonne for May-June delivery. White sugar $128.00, up $1.50.

No. 6 Con-tract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	151.0-146.0	139.0-151.4	—

Sales: 1,069 (1,416) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £175.00 (same) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for May 9: Daily price 2.68 (2.77): 15-day average 3.00 (3.04).

FT publishes Capital Gains booklet

THE FINANCIAL Times has published a booklet, Capital Gains—The Key Figures For Calculating Your Tax, listing all the key prices for March 31, 1982 and April 6, 1965, as they appeared in the Financial Times. It contains an explanation of the Budgetary reforms and how to make the best use of them to reduce or eliminate CGT liabilities.

Copies of the booklet, price £4.50 each including postage and packing, are available from Nicola Banham, Publicity Department P, Financial Times, 10 Cannon Street, London EC4P 4BY. Cheques should be made payable to the Financial Times and should accompany your order.

AMERICAN MARKETS

THE UNWINDING of soya meal and oil spreads continued with meal showing gains while oil was nominally lower, reports Heinold Commodities. Soyabeans were marginally higher especially in old crop positions on the strength in meal and a constructive acreage report by the growers' association. Wheat moved slightly higher on a technical rally and on commercial buying. Maize was mixed in a narrow range and light trading. Heating oil opened strong on fears of prospective gasoline shortages but continued selling moved the market lower. The precious metals were steady to firm on short-covering in anticipation of a discount rate cut. Copper remained steady reflecting evening-up ahead of the LME stock statistics due Monday.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
May	48.15	—	—	49.65
June	49.45	—	—	49.95
July	49.80	50.10	49.80	50.20
Sept	50.60	50.80	50.15	51.10
Dec	51.75	—	—	52.30
Jan	52.15	—	—	52.70
March	52.95	53.30	53.30	53.50
May	53.15	—	—	54.30
July	54.55	—	—	55.10
Sept	55.35	—	—	55.90

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	2085	2120	2080	2085
July	2138	2155	2113	2112
Sept	2080	2100	2050	2062
Dec	2050	2060	2040	2035
March	2055	2058	2043	2020
May	2060	—	—	2020
July	2050	—	—	2020

COFFEE "C" 37,500 lbs, cents/lb

	Close	High	Low	Prev
May	144.80	145.00	143.90	143.90
July	144.86	144.95	142.75	143.36
Sept	145.27	145.30	143.25	143.82
Dec	145.00	145.00	143.00	143.36
March	144.10	144.15	142.25	142.85
May	143.50	—	—	141.75
July	142.01	—	—	141.01

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
May	64.80	64.70	64.70	64.75
June	65.05	64.85	64.85	64.90
July	65.40	65.65	64.60	65.30
Sept	65.90	66.10	65.05	65.80
Dec	66.50	66.70	66.00	66.50
Jan	66.70	—	—	66.60
March	67.30	67.30	66.80	67.20
May	67.80	67.75	67.00	67.65
July	68.25	68.10	68.10	68.15
Sept	68.70	—	—	68.60
Dec	69.50	69.40	68.90	69.10

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
May	66.75	66.90	66.75	67.58
July	64.43	64.65	64.50	64.51
Oct	64.85	64.95	64.40	65.06
Dec	65.20	65.40	64.75	65.55
March	65.87	66.05	65.60	66.47
May	66.30	66.45	66.30	66.85
July	66.60	66.60	66.60	67.05

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
June	27.47	27.76	27.44	27.58
July	27.16	27.35	27.15	27.20
August	26.95	27.04	26.93	26.99
Sept	26.85	26.94	26.85	26.81
Oct	26.50	26.80	26.80	26.55
Nov	26.57	26.70	26.58	26.57
Dec	26.50	26.81	26.50	26.60
Jan	26.40	—	—	26.60
Feb	26.40	—	—	26.60
March	26.40	—	—	26.50

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
May	316.1	315.0	315.0	313.0
June	317.5	318.0	315.0	315.0
July	319.1	319.2	—	316.6
August	321.4	322.1	317.9	319.3
Oct	325.3	326.0	321.6	322.9
Dec	329.3	330.0	325.4	326.7
Feb	333.2	333.5	330.0	330.5
April	337.2	—	—	334.3
June	341.2	—	—	338.1
August	345.2	344.0	344.0	342.1
Oct	349.2	—	—	345.1
Dec	353.3	350.0	350.0	350.0
Feb	358.3	357.0	355.7	353.2

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
June	70.50	71.45	70.50	70.80
July	69.35	70.40	69.30	69.80
August	70.10	70.50	70.00	70.20
Sept	70.95	71.10	70.80	70.80
Oct	71.60	71.70	71.65	71.50
Nov	72.50	—	—	72.00
Dec	73.00	—	—	72.85

SPOT PRICES—Chicago loose lard 20.00 (21.50) cents per pound. New York tin 546.0-556.0 (545.0-555.0) cents per pound. Handy and Harman silver bullion 632 (635.5) cents per troy ounce.

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
May	155.30	55.00	55.30	56.46
Sept	150.35	50.85	49.65	50.40
Nov	148.90	49.20	48.70	48.75
Jan	148.85	48.95	48.65	48.00
March	148.85	48.70	48.70	48.60
May	148.85	—	—	48.60
July	148.85	—	—	48.30

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
May	272.3	—	—	269.5
June	274.2	—	—	270.5
July	275.9	277.0	270.5	272.0
Oct	281.0	281.0	277.5	277.4
Jan	286.5	286.5	284.0	283.1
April	292.3	290.0	290.0	288.9

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
May	634.8	636.0	630.0	632.2
June	637.5	—	—	635.0
July	641.5	641.0	637.0	639.0
Sept	650.4	652.5	645.0	647.9
Dec	664.4	665.0	660.0	661.9
Jan	668.7	669.0	669.0	666.3
March	678.4	680.0	677.0	677.2
May	689.5	692.5	692.0	687.9
July	701.0	700.0	700.0	699.2
Sept	711.5	714.0	714.0	711.2

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
July	3.01	3.15	3.08	3.16
Sept	3.21	3.26	3.21	3.30
Oct	3.33	3.40	3.33	3.45
Jan	3.67	3.75	3.75	3.56
March	4.13	4.21	4.10	4.10
May	4.22	4.28	4.20	4.29
July	4.54	4.54	4.54	4.50
Sept	4.14	—	—	4.70
Oct	4.83	4.84	4.83	4.79

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
June	63.32	63.60	62.80	62.45
Aug	61.15	64.30	63.52	63.12
Oct	62.85	62.85	62.12	62.45
Dec	64.00	64.05	63.10	63.50
Feb	64.70	64.70	64.00	64.50
April	65.70	65.70	65.35	66.50

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
June	46.82	47.00	45.85	45.85
July	46.92	47.05	45.90	45.95
Aug	46.75	46.67	46.30	45.75
Oct	43.77	43.95	42.67	42.82
Dec	41.30	47.05	40.70	40.30
Feb	48.40	46.55	43.85	42.67
April	41.65	41.85	41.40	41.70
June	47.80	47.80	47.05	47.40
July	48.95	48.35	48.95	48.80

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
May	282.0	282.0	280.0	280.0
July	280.4	279.0	277.6	278.0
Sept	268.4	266.4	266.2	269.0
Dec	264.2	265.0	264.4	265.4
March	274.2	274.4	273.3	273.0
May	279.0	279.0	279.0	278.2
July	280.6	280.8	280.0	280.6

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
May	62.15	62.50	61.62	61.55
July	63.50	64.15	62.85	62.75
Aug	63.07	63.40	62.35	62.45
Feb	70.55	70.90	69.65	70.15
March	70.37	70.37	69.50	69.80
May	71.75	71.05	71.75	71.50
July	72.00	72.00	71.45	71.50

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
May	590.2	590.4	584.0	582.2
July	595.2	590.0	586.4	585.2
August	591.2	591.4	586.8	587.2
Sept	591.0	592.0	588.6	587.6
Nov	598.0	598.8	595.2	595.2
Jan	609.2	609.2	606.0	606.0
March	617.0	618.0	616.0	617.0
May	626.4	627.0	625.4	623.4
July	633.4	633.4	630.4	631.4

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
May	31.95	32.00	31.40	31.72
July	30.48	30.55	30.05	30.35
August	29.57	29.60	29.20	29.40
Sept	28.76	28.80	28.40	28.62
Oct	27.90	27.90	27.60	27.65
Dec	27.12	27.15	26.70	26.53
Jan	27.00	27.00	26.90	26.80
March	26.92	26.75	26.50	26.70
May	26.60	—	—	26.10

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
May	124.2	124.2	123.0	123.5
July	128.6	129.3	127.0	127.6
Aug	131.9	132.2	130.0	131.2
Sept	133.6	133.6	131.5	132.4
Oct	137.4	137.6	135.8	136.8
Dec	142.0	143.5	141.8	142.1
Jan	145.0	146.0	144.0	145.0
March	149.5	151.0	149.5	149.5
May	154.3	—	—	152.7
July	159.2	—	—	158.0

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
May	345.0	348.4	344.0	342.4
July	324.0	325.2	321.4	323.4
Sept	325.4	326.0	322.4	324.0
Dec	334.2	335.4	330.6	332.4
March	339.4	340.0	337.2	338.0
May	333.4	334.0	333.4	334.0

LONDON STOCK EXCHANGE

MARKET REPORT

Late surge takes equity index through 1,000 for first time since mid-March

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
Apr 29	May 9	May 10	May 20
May 13	May 30	May 31	June 10
June 3	June 13	June 14	June 24

* "New-time" dealings may take place from 8.30 am two business days earlier.

A healthy oversubscription of the British Aerospace offer-for-sale ensured a continuation yesterday of the underlying firm trend in London equity markets. Awaiting Monday's allocation details of the sale of the Government's remaining 48.8 per cent holding in the aerospace group, totalling 146.8m shares, leading industrials edged firmer throughout the session with the upward movement gaining impetus in the late trade.

Wall Street's overnight advance—the Dow Jones index achieved its best rise for two weeks—further encouraged investors, although demand was often selective. Initially it was directed at international stocks, owing to early easiness in the sterling exchange rate, but interest switched elsewhere as the pound staged a good recovery. The rate closed only slightly down on balance at $1.2340.

Most issues attained their highest levels in the after-hours' trade on business without penalty for the three-week trading Account commencing on Monday. Illustrating this, the FT Ordinary share index burst through 1,000 for the first time since March 20 to close 10.8 up at 1,001.9.

Only one market sector moved against the trend. British Telecom's bid for troubled Canadian group Mitel triggered off competition fears over the PABX system and President Reagan's freeze on U.S. defence spending provided further worries for the electrical sector. STC and Plessey were worst hit but all leading stocks, with the exception of BT, settled lower.

Fresh overseas support helped Gilt-edged securities close a poor week on a more stable note. Domestic investors continued to be restrained by the Government's heavy funding programme, but sufficient foreign buying was around to nudge values higher. The authorities sold small quantities of stock, but appeared reluctant to cut prices of the taplets. In the absence of any fresh funding at 3.30 pm, the tone improved further late and longer-dated gilts ended ½ better on the day.

Clearers up again

Sharply better on Thursday following a meeting with Lloyds and stockbroker Hoare Govett, clearing banks continued to make useful progress in response to Press comment. NatWest led the way with a fresh gain of 13 to 665p, while Midland put on 7 to 362p. Barclays improved 6 to 353p and Lloyds closed a few pence better at 595p, after 598p; sentiment in the latter appeared to be unaffected by late rumours of an Argentinian banking failure.

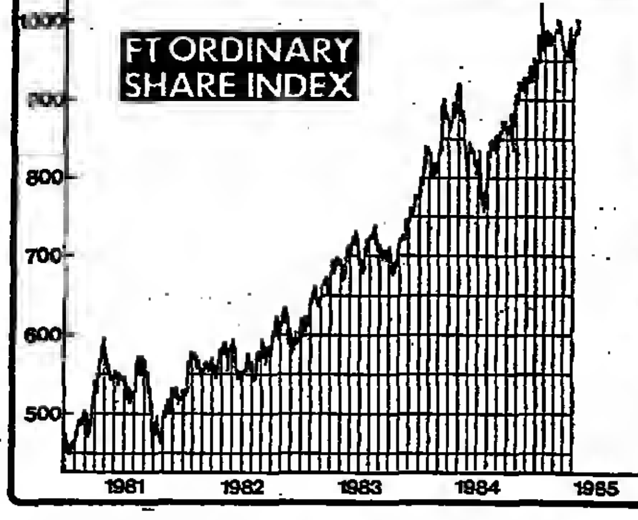
Composite Insurances continued firmly, helped by comment on Royals' first-quarter results. Royals closed 10 dearer making a two-day advance of 35 at 620p, while General Accident, the next to report quarterly figures on Tuesday, moved up 15 more to a 1985 peak of 808p. Lloyd's Brokers gained ground, helped by currency influences. Sedgwick rose 8 to 358p and C. E. Heath improved 7 to 557p; the latter's preliminary figures are scheduled for Thursday.

Coloroll, which staged a disappointing market debut on Thursday, improved 5 to 134p as stag selling abated; the offer price was 135p. In first-time dealings, Martin Currie Pacific Trust opened at 102p and closed at 103p, compared with the offer for subscription price of 100p.

Leading Breweries closed firmer across the board under the lead of Guinness which attracted persistent "new-time" support and advanced 9 to a new high of 265p.

The Building sector displayed several interesting movements. Blue Circle, reflecting persistent demand, closed 12 higher at the day's best of 542p. Among Contracting and Construction issues, AMEC attracted interest at 251p, up 5, but profit-taking in the wake of the annual results clipped 4 from Costain, at 384p. Press comment boosted Wilson (Connolly) 6 to 218p, but the severe annual profits setback and reduced dividend left Thomas Warrington that much down at 64p. Ibstock Johnsen moved up 13 to 305p; the shares will be quoted ex the one-for-one scrip issue on Monday. Among Timber issues, Travis and Arnold firmed 4 to 252p following the acquisition of Kennedy's (Builders Merchants) from Unilever for a total consideration of £14.1m. Old takeover favourite Phoenix Timber put on 8 to 132p.

ICI edged up 8 to 765p helped by Wall Street influences. Among other Chemicals, Wardle Storeys firmed 4 to 196p following comment on the interim results, but Yorkshire shed 3 to 65p after the chairman's cautious statement at the annual meeting.



Debenhams, down to 308p earlier on profit-taking, rallied to close a net 2 dearer for a week's rise of 30 at 317p as comment on the preliminary results stimulated fresh speculative interest. British Home Stores, still benefiting from the pleasing annual figures, hardened a few pence more to 301p, but Habitat Mothercare, due to reveal annual results early next month, remained dull and shed 4 more to 350p. Speculative demand re-emerged for W. H. Smith "A," 4 better at 220p, but NSS, interim results due next Wednesday, eased 2 to 116p. Liberty spurted 40 to 530p with the non-voting shares 50 dearer at 340p following the near-doubled full-year profits, while Steinberg, in receipt of "call" option business, firmed 3 more to 72p. Lanca, a buoyant market recently after Corporate Development acquired a 30 per cent stake, advanced afresh to 345p, a rise of 35.

Shoes and Leather issues featured Headlam Sims and Coggins which responded to "call" option activity with a gain of 5 at 42p.

BT/Mitel deal

Mitel soared 144 to 600p on the announcement that British Telecom has agreed to take a 51 per cent controlling stake in the troubled Canadian telecommunications group; BT improved 2 more to close the week 9 higher at a 1985 peak of 157p. Details of the deal hit Plessey and Standard Telephones and Cables hard as concern about its implications for the UK telecommunications industry induced selling of both; the former closed 8 lower at 172p, after 168p, while STC dropped 14 to 188p. Racal, meanwhile, were unsettled by U.S. defence cut proposals and cheapened 6 to 182p, while GEC softened a couple of pence to 192p, after 190p, for the same reason. Among secondary Electricals, Molynx jumped 9 to 56p and UEI rose 22 to 208p following comment on their respective trading statements.

Demand persisted for Vickers which advanced 18 more to 336p for a rise of 60 since the announcement that Reliance Financial Services had acquired a stake in the group; yesterday's rise was also influenced by Press comment on nationalisation compensation hopes. Other leading Engineers showed few signs of life, but Wire and Plastic again stood out among secondary issues, rising 19 more to 87p for a two-day rise of 43 following the proposal for Messrs Rohl and Sorrell to acquire a stake in the company. Awaiting further bid developments, Westland eased to 144p before rallying to close 3 dearer at 149p.

Cadbury Schweppes closed a penny dearer at 162p, after 163p, following news of an agreed share offer worth 499p per share for Sodastream Holdings. Anglia TV, which holds a 23.1 per cent stake in Sodastream and has accepted Cadbury's offer, touched 160p prior to closing a net 15 up at 153p. "New-time" buying lifted old takeover favourite Rowntree Mackintosh 8 to 428p, while Bassett, another of the Food sector's takeover counters, gained 10 to 202p. S. & W. Berisford attracted buyers on hopes that it would soon let its Billingsgate office development and closed 5 higher at 166p. The appointment of Mr J. D. Fletcher as chairman continued to excite Barker and Dobson, up 1¾ more at 12p, while further demand on bid hopes left Hillards 4 higher at 412p for a gain over the four-day period of 42. William Morrison, due to be quoted ex a one-for-one scrip issue at the end of the month, moved up 14 more to 280p, while Albert Fisher gained 8 to 124p.

Grand Metropolitan rose 8 to 300p ahead of next Wednesday's annual results.

Pentland soar ahead

Leading miscellaneous Industrials took a distinct turn for the better late. Buying ahead of Monday's interim figures left BOC 7 to the good at 284p, while Beecham were noteworthy for a rise of 10 to 363p. Boots firmed 8 to 185p and Glaxo ended ½ dearer at £11¾. Press mention stimulated demand for Reckitt and Colman, which put on 10 to 518p. Pentland featured again with a further advance of 115p to a fresh peak of 905p for a rise of 185 since the company announced proposals for a separate U.S. quotation for its subsidiary Reebok of America. British Aerospace were active and 13 higher at 418p, after 423p; the offer-for-sale was oversubscribed, as expected, and the basis of allotment is to be announced on Monday. Buyers appeared for Macarthys Pharmaceuticals, 8 up at 177p, and Low and Bonar, 8 higher at 262p. Other bright spots included Marshalls Universal, which gained 5 to 70p, and Plastic Constructions, 5 better at 68p. Cosalt, up to 66p late on Thursday after a 10 per cent share stake had changed hands, ended unaltered at 64p, after 62p; 1m shares were put-through the market at around 62½p.

Press comment on the group's joint venture with the U.S.-based Ramada hotel chain lifted Intasun 7 more to 132p.

Motor Distributors moved irregularly. Hartwells improved 5 to 97p in anticipation of good annual results next Wednesday, but Glanfield Lawrence dipped that much to 45p following the annual losses. T. Cowie attracted speculative interest and rose 3 to 54p. Elsewhere, Reliant were again wanted and rose 4 for a two-day advance of 8 to 57p; the first-half figures are scheduled for May 17.

The Property leaders ended the Account on a firm note. Land Securities rose 4 to 305p ahead of next Thursday's annual results, while MEPC hardened 3 to 305p. Press comment helped British Land improve a couple of pence to 147p, but takeover favourite Stock Conversion slipped 5 to 495p.

Among Textiles, Courtaulds returned to favour and advanced 7 to 144p; the preliminary results are scheduled for May 28.

Among otherwise subdued Investment Trusts, Electra improved 7 to 127p following the proposed $40m U.S. financing deal; Globe, which controls just over 26 per cent of Electra put on 8 to 266p in sympathy.

Oils steadier

The oil majors were heartened by the steadier performance of international crude oil prices and rallied from initially easier levels to close marginally firmer on balance. BP, scheduled to announce first quarter results on Thursday, hardened a few pence to 540p but remained 25 cheaper over the week. Secondary issues, on the other hand, provided a host of firm features. Highland Participants raced up a further 34 to a peak 325p reflecting a fresh burst of speculative buying in a restricted market, while takeover rumours continued to fuel sustained buying of Caledonian Offshore, which jumped 40 more to a 1985 high of 445p. Firstland Oil and Gas rose 15 to 245p, while recently dull Falcon Resources revived strongly to close 30 to the good at 370p. Sun (UK) Royalty made another strong showing, adding 20 more to 210p reflecting persistent talk of an oil discovery adjacent to the company's acreage in the North Sea. Elsewhere, Gulfstream, which more than doubled on Thursday, remained a highly volatile market and ran back 30 to 60p—up 24 over the week—following talk that the company has sold its Middle Eastern exploration interests.

Golds up again

South African gold and related issues made progress for the third successive trading day. Initially both gold and gold shares drifted easier, reflecting the trend established in overnight U.S. markets. However, rumours that a leading Argentinian bank is in financial trouble coupled with reports of problems at another U.S. savings and loan institution gave a boost first to bullion and subsequently to the gold sharemarket. Speculative buying of Golds once again uncovered a widespread stock shortage and many stocks were showing substantial gains at the close of trading.

South African Financials also rallied after an uncertain start, with Gold Fields of South Africa prominent and finally ½ to the good at £14¾. The Bermuda-domiciled Minorco were outstanding after-hours and jumped 50 to 700p reflecting American demand.

In London-based Financials Charter Consolidated rose to 213p in early trading following Press suggestions of an imminent takeover bid but thereafter encountered profittaking to close a net 3 off at 205p.

Golds provided a number of firm spots in Australians but the sector leaders came under pressure from profit-taking. Whim Creek put on 6 to 174p and Gold Mines of Kalgoorlie rose 5 to 530p while minor gains were recorded by Australian Consolidated Minerals, at a year's best of 87p, and Carr Boyd, 84p.

Demand for Traded Options expanded slightly reflecting increased activity in the underlying securities. Total contracts struck amounted to 7,274 with the short week's daily average at 5,489.

FINANCIAL TIMES STOCK INDICES

	May 10	May 9	May 8	May 7	May 3	May 2	year ago
Government Secs.	80.30	80.05	80.05	80.56	81.10	81.08	79.75
Fixed Interest	85.47	85.52	85.35	85.70	85.76	85.68	85.00
Ordinary	1001.9	991.1	985.6	985.8	989.9	989.9	871.0
Gold Mines	493.6	491.9	476.5	470.4	483.3	485.4	612.0
Ord. Div. Yield	4.56	4.60	4.61	4.63	4.61	4.61	4.47
Earnings, Yld.% (full)	11.45	11.57	11.59	11.65	11.57	11.58	10.41
P/E Ratio (net) (*)	10.64	10.55	10.31	10.47	10.52	10.52	11.27
Total bargains (Est.)	27,236	24,896	24,319	26,550	24,155	23,542	25,259
Equity turnover £m.	—	397.49	346.69	361.56	333.84	447.58	336.45
Equity bargains	—	23,865	21,863	22,064	20,671	21,892	20,759
Shares traded (ml)	—	217.6	180.0	176.5	170.4	194.6	196.5

10 am 992.9, 11 am 995.4, Noon 995.6, 1 pm 995.2, 2 pm 995.2, 3 pm 995.9.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 10.33.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.00 (18/4)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.16 (22/4)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	928.7 (3/1)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	636.9 (15/4)	436.5 (25/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	May 9	May 8
Daily Gilt Edged Bargains	139.0	148.9
Equities Bargains	148.1	141.7
Equities Value	803.4	700.7
5-day Average Gilt Edged Bargains	137.6	133.8
Equities Bargains	148.4	138.0
Equities Value	769.6	735.5

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, May 9, 1985.

Telephone Networks	+ 26.81	500 Share Index	+ 6.02
Insurance (Life)	+ 22.28	Industrial Group	+ 5.55
Newspapers, Publishing	+ 21.40	Food Manufacturing	+ 4.72
Shipping and Transport	+ 19.65	Textiles	+ 4.61
Metals and Metal Forming	+ 10.69	Consumer Group	+ 4.21
Other Industrial Materials	+ 16.81	Insurance Brokers	+ 4.11
Office Equipment	+ 15.30	Chemicals	+ 3.77
Other Groups	+ 14.96	Investment Trusts	+ 3.57
Motors	+ 13.28	Gold Mines Index	+ 2.71
Stores	+ 11.68	Brewers and Distillers	+ 2.05
Mechanical Engineering	+ 11.61	Merchant Banks	+ 1.03
Insurance (Composite)	+ 11.34	Property	+ 0.33
Packaging and Paper	+ 5.67	Leisure	− 0.21
Oils	+ 9.06	Capital Goods	− 0.62
Mining Finance	+ 9.00	Health and H'sehold Products	− 0.83
Food Retailing	+ 8.55	Building Materials	− 0.89
Financial Group	+ 7.20	Contracting, Construction	− 1.08
Overseas Traders	+ 7.13	Electricals	− 4.08
Banks	+ 6.47	Tobaccos	− 7.26
All-Share Index	+ 6.12	Electronics	− 13.58

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 7	May 17	Aug 8	Aug 19
May 20	June 7	Aug 29	Sept 9
June 10	June 21	Sept 12	Sept 23

For rate indications see end of Share Information Service

Stocks favoured for the call included Pentland Industries, Polly Peck, Thomas Locker, Headlam Sims and Coggins, Combined Technologies, Steinberg, Falcon Resources, Hawtin, Atlantic Resources, Albert Fisher, British Aerospace, Senior Engineering, Barker and Dobson, Cronite, Asda, Britannia Arrow, Readicut International, Bristol Oil and Minerals, Brengreen and VG Instruments. No puts were reported, although a double option was taken out in Brengreen.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri May 10 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Thur May 9 Index No.	Wed May 8 Index No.	Tue May 7 Index No.	Year ago (approx.) Index No.	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (208)	552.42	−0.5	10.21	4.04	12.22	5.47	555.80	556.43	556.68	509.68	577.15	22/1	529.99	25/2	577.15	22/1/85	50.71	13/12/74
2	Building Materials (23)	509.04	+0.5	12.97	5.07	9.49	4.29	506.75	506.81	506.34	505.40	515.62	22/1	472.11	26/2	537.59	27/4/84	44.27	11/12/74
3	Contracting, Construction (29)	734.12	+0.2	13.68	5.62	9.45	7.41	732.68	729.87	730.60	719.24	755.07	22/1	684.17	8/3	831.09	15/3/83	71.48	2/12/74
4	Electricals (15)	1511.28	−1.0	10.36	4.82	12.19	27.85	1526.21	1543.34	1555.74	1685.55	1701.64	22/1	1478.18	25/2	1909.93	3/6/83	84.71	25/6/62
5	Electronics (37)	1652.56	−1.8	8.98	3.06	14.32	12.93	1683.13	1696.34	1705.92	1738.25	1977.60	9/1	1622.58	9/4	2049.05	13/11/84	1581.70	31/5/84
6	Mechanical Engineering (63)	313.21	+0.7	10.50	4.41	11.60	3.26	311.05	311.03	310.76	244.15	313.21	10/5	275.18	3/1	313.21	10/5/85	45.43	5/1/75
8	Metals and Metal Forming (7)	195.24	−0.3	12.72	7.79	9.84	2.33	195.78	195.91	196.94	195.86	198.42	25/3	165.08	14/1	209.74	13/3/84	49.65	6/1/75
9	Motors (17)	163.72	+0.2	13.49	5.15	9.16	2.58	163.47	164.42	164.52	140.44	175.89	15/3	142.57	3/1	175.89	15/3/85	19.91	6/1/75
10	Other Industrial Materials (17)	974.48	−0.1	7.32	3.20	16.41	10.27	975.12	971.77	962.04	680.47	992.37	15/3	828.60	3/1	992.37	15/3/85	277.55	15/2/81
21	CONSUMER GROUP (177)	652.37	+0.9	9.74	3.83	12.63	4.39	646.83	645.86	644.97	526.32	655.16	18/4	604.96	3/1	655.16	18/4/85	61.41	13/12/74
22	Brewers and Distillers (23)	589.99	+1.4	11.46	4.55	10.82	3.61	581.93	577.84	576.47	536.23	593.54	22/1	550.86	3/1	593.54	22/1/85	69.47	13/12/74
25	Food Manufacturing (20)	506.97	+0.3	11.50	4.74	10.87	7.27	504.43	508.93	511.01	398.99	513.86	12/3	473.30	3/1	513.86	12/3/85	59.67	11/12/74
26	Food Retailing (13)	1586.23	—	5.93	2.41	22.49	5.43	1586.83	1585.81	1590.22	1205.09	1592.71	3/5	1480.36	1/3	1592.71	3/5/85	54.25	11/12/74
27	Health and Household Products (9)	1025.49	+1.5	6.38	2.75	18.33	4.37	1010.51	1007.45	1006.27	801.37	1088.57	22/1	980.65	11/4	1088.57	22/1/85	175.38	28/5/80
29	Leisure (23)	697.77	+0.7	8.44	4.66	15.46	11.85	692.64	694.46	698.02	676.64	719.49	22/1	652.35	9/4	719.49	22/1/85	54.83	9/1/75
32	Newspapers, Publishing (12)	1773.37	−0.3	6.75	4.28	19.12	18.88	1777.99	1778.85	1774.39	1333.70	1792.12	24/4	1445.15	3/1	1792.12	24/4/85	55.08	6/1/75
33	Packaging and Paper (14)	320.29	+0.3	11.99	4.09	9.59	1.77	319.24	319.73	318.49	264.45	327.60	19/3	286.36	3/1	327.60	19/3/85	43.46	6/1/75
34	Stores (41)	622.65	+0.9	7.69	3.25	17.54	1.75	617.38	612.51	610.35	469.63	627.51	22/4	529.47	19/2	627.51	22/4/85	52.63	6/1/75
35	Textiles (19)	320.39	+1.9	16.64	4.74	6.95	2.70	314.27	313.67	316.03	300.43	341.97	11/3	293.07	3/1	341.97	11/3/85	62.66	11/12/74
36	Tobaccos (3)	841.29	+0.8	17.72	5.10	6.33	5.43	834.82	839.61	834.82	628.83	1010.69	8/2	828.37	2/5	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (98)	706.93	+0.6	8.54	3.89	14.78	4.76	702.60	698.45	694.35	457.49	706.93	10/5	605.99	3/1	706.93	10/5/85	58.63	6/1/75
42	Chemicals (17)	759.05	+1.1	13.56	4.83	9.13	14.31	750.64	744.64	742.70	621.54	832.26	22/2	710.88	3/1	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	177.32	−2.1	7.45	4.74	16.62	2.92	181.11	181.35	181.35	130.62	190.38	11/3	154.76	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (12)	1146.99	−0.4	6.57	4.84	19.55	19.33	1151.85	1153.59	1153.13	907.33	1187.78	18/4	958.08	3/1	1187.78	18/4/85	90.80	29/6/62
46	Miscellaneous (63)	865.07	+0.3	7.06	3.41	17.39	3.55	862.18	860.05	858.20	620.23	868.52	15/3	798.35	3/1	868.52	15/3/85	60.39	6/7/75
48	Telephone Networks (2)	898.34	+0.9	7.45	3.58	17.52	0.70	890.72	883.10	873.49	0.0	898.34	10/5	701.92	3/1	898.34	10/5/85	517.92	30/11/84
49	INDUSTRIAL GROUP (483)	648.86	+0.5	9.53	3.90	13.04	4.89	645.95	644.88	643.50	515.85	650.33	22/1	599.75	3/1	650.33	22/1/85	59.01	13/12/74
51	Oils (17)	1168.18	+0.2	15.83	7.12	7.76	37.58	1166.28	1200.77	1201.20	1104.52	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	692.46	+0.4	10.37	4.33	11.95	7.49	689.62	691.37	690.13	565.16	692.62	3/5	636.98	3/1	692.62	3/5/85	63.49	13/12/74
61	FINANCIAL GROUP (114)	470.64	+0.9	—	5.31	—	6.86	466.55	463.62	464.80	374.27	470.64	10/5	430.18	4/1	470.64	10/5/85	55.88	13/12/74
62	Banks (6)	473.09	+1.3	16.39	7.31	8.71	11.15	466.84	459.58	459.37	376.79	482.64	8/2	428.58	15/4	482.64	8/2/85	62.44	12/12/74
65	Insurance (Life) (8)	713.03	—	—	4.45	—	14.01	712.95	718.10	722.21	457.12	722.21	7/5	580.95	4/1	722.21	7/5/85	44.88	2/1/75
66	Insurance (Composite) (7)	352.59	+1.7	—	5.53	—	4.15	346.85	337.18	337.42	266.40	352.59	10/5	303.16	25/2	352.59	10/5/85	43.96	13/12/74
67	Insurance (Brokers) (7)	1088.20	+1.4	7.91	3.71	16.86	15.72	1072.99	1084.70	1096.45	740.28	1248.70	15/3	1011.88	4/1	1248.70	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	224.99	+0.2	—	4.25	—	1.22	224.52	224.66	224.66	235.93	248.76	16/1	220.65	3/1	278.57	1/5/72	31.21	7/1/75
69	Property (50)	644.87	+0.4	5.51	3.58	24.02	2.27	642.57	643.95	644.86	563.80	647.76	19/3	613.65	25/2	648.74	19/12/84	56.01	20/4/65
70	Other Financial (25)	283.47	+0.6	8.54	5.73	14.31	4.65	281.75	283.27	285.12	254.15	296.92	6/2	268.29	3/1	303.18	18/5/72	33.29	17/12/74
71	Investment Trusts (106)	595.82	+0.7	—	3.39	—	4.49	591.71	592.71	595.60	518.33	635.62	7/3	564.72	3/1	635.62	7/3/85	71.12	13/12/74
81	Mining Finance (4)	299.14	+0.2	10.68	5.29	10.96	1.50	298.51	297.23	295.88	296.48	311.08	15/4	269.78	7/1	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	673.82	+0.6	9.35	6.30	13.10	7.61	669.94	668.49	672.08	559.84	687.15	22/1	618.22	3/1	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (738)	632.33	+0.5	—	4.47	—	7.83	629.22	629.86	629.34	517.16	632.33	10/5	581.88	3/1	632.33	10/5/85	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	May 9	May 8	May 7	May 3	May 2	Year ago	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX	1315.8	+9.5	1315.8	1308.1	1306.3	1307.9	1305.5	1310.9	1309.1	1094.4	1315.8	10/5	1206.1	3/1	1315.8	10/5/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri May 10	Day's change %	Thur May 9	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	116.37	+0.23	116.10	—	4.52
2	5-15 years	127.23	+0.43	126.68	—	5.87
3	Over 15 years	133.94	+0.47	133.31	—	3.47
4	Irredeemables	142.34	+0.16	142.11	—	6.07
5	All stocks	126.17	+0.37	125.71	—	4.70
6	Debentures & Loans	107.73	+0.09	107.63	—	4.22
7	Preference	78.55	—	78.55	—	2.40

	AVERAGE GROSS REDEMPTION YIELDS		Fri May 10	Thur May 9	Year ago (approx.)	1985 High		1985 Low	
	British Government								
1	Low Coupons	5 years	10.78	10.81	10.71	11.56	28/1	10.41	18/4
2		15 years	10.86	10.90	10.86	12.01	28/1	10.47	9/1
3		25 years	10.45	10.49	10.16	10.72	29/1	10.03	2/1
4	Medium Coupons	5 years	11.25	11.30	11.41	12.39	28/1	11.14	9/1
5		15 years	11.16	11.22	11.14	11.74	29/1	10.79	18/4
6		25 years	10.67	10.71	10.49	10.97	29/1	10.20	15/4
7	High Coupons	5 years	11.79	11.86	11.56	12.53	28/1	11.36	18/4
8		15 years	11.26	11.32	11.26	11.74	28/1	11.03	18/4
9		25 years	10.66	10.71	10.51	10.98	29/1	10.22	15/4
10	Irredeemables		10.26	10.27	10.02	10.49	28/1	9.98	31/12
11	Debs & Loans	5 years	12.09	12.13	11.70	12.63	29/1	11.73	2/1
12		15 years	11.92	11.97	11.79	12.41	29/1	11.70	15/4
13		25 years	11.74	11.76	11.66	12.37	29/1	11.47	19/4
14	Preference		12.54	12.54	12.39	13.14	29/1	12.54	10/5

BRITISH GOVERNMENT INDEX-LINKED STOCKS

		Fri May 10	Day's change %	Thur May 9	xd adj. today	xd adj. 1985 to date				Fri May 10	Thur May 9	Year ago	1985 High		1985 Low	
8	All stocks	109.77	+0.31	109.43	—	1.03	15	Inflation rate	5%	3.48	3.50	3.29	3.54	17/1	3.31	11/3
							16		10%	3.31	3.32	3.12	3.37	17/1	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	128.20	Debs. & Loans	31/12/77	76.72
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.
CONSTITUENT CHANGE: UBM Group (2) has been deleted and replaced by Coloroll (461). NAME CHANGE: Guinness (Arthur) and Sons has changed its name to Guinness (22).

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (79)

CORPORATION LOANS (1)
LCC 5½pc '85-87
BANKS (2)
Comm Bk of Wales, Republic Hldgs
BREWERS (1)
Guinness
BUILDINGS (6)
Blue Circle Inds, UBM Group, Marshalls Halifax, Vectis Stone, Sindall (Wm.), Wilson (Connolly)
CHEMICALS (1)
Rentokil
STORES (11)
British Home Stores, Martin (A.), Debenhams, Our Price, Forminster, Stead & Simpson A, Goldsmiths Group, T. & S. Stores, Liberty, Ward White, Do. N/V
ELECTRICALS (8)
British Telecom, Molynx, Cable & Wireless, Philcom, Microgen, UEI, Miles 33, VG Instruments
ENGINEERING (5)
Hall (Matthew), Vickers, Starely Inds
FOODS (3)
Bassett Foods, Morrison (Wm.), Hillards
HOTELS (1)
London Park Hotels
INDUSTRIALS (8)
Alexandra Workwear, Prestwich, Newman Tonks, Quotron Systems, Pentland Inds, Rolfe & Nolan, Plastic Constructions, Young (H.)
INSURANCE (3)
General Accident, London Utd Invs, Liberty Life
LEISURE (2)
Fairline Boats, Intasun Leisure
MOTORS (3)
Reliant Motor, Cowie (T.), Adams & Gibbon
NEWSPAPERS (2)
Fleet Hldgs, Morgan Comms
PAPER (4)
Smith (D. S.), Waddington (J.), Valin Pollen Intl, Wight Collins RS
PROPERTY (3)
Bradford Prop, Pell Hldgs, Peacher
SHOES (1)
Headlam Sims
TRUSTS (8)
Ambrose Inv Inc, Do. Wrrts, City of Oxford, Fleming Enterprise, Dualvest Cap, Frost (J. J. & D.), English & Intl Tst, Int Inv Jersey
OILS (5)
Burmah, Highland Parts, Caledonian, Sun (UK) Royalty, Firstland Oil
MINES (3)
Doornfontein, Oakbridge, ACM

NEW LOWS (30)

CANADIANS (1)
Hollinger
BUILDINGS (1)
HAT Group
CHEMICALS (1)
Engelhard
STORES (2)
Automagic, S. & U. Stores
ELECTRICALS (7)
Acorn Computer, Quest Automation, HB Elect Comps, Racal Electronics, Pilco A, Shorrock, Micro Business Sys
ENGINEERING (1)
Hobson
INDUSTRIALS (2)
Baynes (C.), Elswick-Hopper
LEISURE (3)
A. & M. Hire, Tyne Tees TV A, Nationwide Leisure
MOTORS (1)
Glanfield Lawrence
PAPER (1)
Geers Gross
PROPERTY (1)
Markheath
SHIPPING (1)
Common Bros
TRUSTS (2)
Amalg Fin Invs, Hampton Tst
OILS (2)
Bula Resources, Jackson Exploration
OVERSEA TRADERS (1)
Gill & Duffus
MINES (3)
Wit Nigel, Malaysia Mining, Impala Platinum

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	100	9	4	138	222	68
Corpns. Dom. and Foreign Bonds	28	11	38	55	76	169
Industrials	277	262	910	1,018	1,141	3,635
Financial and Props.	155	54	339	450	391	1,351
Oils	19	35	71	95	134	271
Plantations	7	4	6	17	18	32
Mines	42	37	101	235	141	344
Others	106	33	88	289	321	813
Totals	732	445	1,557	2,297	2,445	6,183

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Bowater Inds	278	− 4	McLeod Russel	301	+38
British Telecom	157	+ 2	Pentland Inds	903	+115
Domino Printing	270	—	Plessey	172	− 8
Falcon Resources	370	—	STC	188	−14
Highland Parts	325	+34	Vickers	336	+18
Imperial Group	189	+ 6	Wire and Plastic	87	+19

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Debenhams	43	315	+25	Comm Union	17	215	+ 3
Falcon Res	31	340	−30	Jaguar	17	278	− 4
Coloroll	26	129	—	Utd Biscuits	17	175	−11
Royal Insce.	23	610	+25	Inter-City	16	56	+ 3
Pentland Inds	22	790	+35	NatWest Bank	16	652	+12
Barker & Dbsn.	19	10¼	+ 3	Vickers	16	318	+12
Burmah Oil	19	255	—	Brit Aerospace	15	405	—

4-DAY ACTIVE STOCKS

Based on bargains over the four-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Debenhams	102	315	+31	Brit Aerospace	63	405	+13
Burmah Oil	81	253	+19	ICI	63	757	+10
Falcon Res	76	340	−80	BP	61	538	−29
Brit Telecom	69	155	+ 8½	Britoil	58	215	− 5
Domino Prntg.	69	270	− 2	Vickers	58	318	+47
BAT Inds	66	315	+ 3	Midland Bank	55	355	− 5
BTR	65	729	+15	Pentland Inds	55	790	+75

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
[illegible]							

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
[illegible]							

[illegible]

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STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system. they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ¢ Bargains done the previous day. △ Bargains done with non-member or executed in overseas markets.

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

CORPORATION & COUNTY

UK PUBLIC BOARDS

FOREIGN STOCKS

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

Webster (Samuel) 7¼pcDb 1988-93 £60¼

Whitbread 6pc3rdPf (£1) 50 (8/5). Whitbread Invest 176 (7/5). 5¼pcDb 1984-1089 £85 (7/5)

COMMERCIAL, INDUSTRIAL

A—B

C—D

Chloride Grp 7¼pc1stMtgDb 1985-90 58½

Chubb 8pcLn 1992-95 £78 (8/5)

Clarke (T) (10p) 35 8

Clayton Dewandre 7¼pcDb 1986-91 £80½ (8/5)

Clutsom-Penn Inter 7½pc2ndDb 1986-91 £75 (7/5)

Coats Patons 4pcPf (£1) 32 (8/5). 4½pcLn 2002-07 £43¼. 6¼pcLn 2002-07 £60 (7/5). 7½pcLn 1990-95 £72¼ 4 ¼

Collins (Wm) 6pcDb 1995-99 £63 (7/5)

Coloroll Grp (10p) 138. New (10p) 123 4 5 8 7 9 58 30 1 2 5 4 1 5 8 7 8 9

Como English Strs 7½pcPf (£1) 59 60

Cookson Grp 7pcPf (£1) 57½ (15/5)

Cope Allman Inter 7½pcLn 1971-98 £87½

Cory (Horace) 8½pcPfgPf (£1) 52 (7/5)

Courtaulds 5pc1stPf (£1) 42½ 3. 7¼pcDb 1989-94 £78. 5½pcLn 1996-96 £63

E—F

G—H

I—J—K

Imperial Chemical Ind 7¼pcUnsLn 1986-91 £80½. 2004 £56 ½. 8pcUnsLn 1988-93 £82½ ½ ¾. 10¼pcUnsLn 1991-96 £97 ¼

Imperial Group 5¼pcUnsLn 1982-85 £98 ¼ (8/5). 6.0pc UnsLn 2004-09 £68 (7/5). 7.5pc UnsLn 1990-95 £92 ¼ ½ ¾. 10.5pcUnsLn 1990-95. 8pcCnvUnsLn 1985-90 £157½ 8

Inco. Alloy Prod 8pcDb 1987-92 £78½ (6/5)

Insight Group 1pc CnvPfgPrf (£1) 355 6 8½ 40 5

International Bus Mach Corp ShsCap (51.25) £1020

International Paint 8¼pcUnsLn 1980-95 £77 (8/5)

International Stand Electr Corp 5¼pcSlg-SCnvUnsLn 1979 89 £82 (7/5)

Jackson (J) and H 6 1dpcPf (£1) 114 (7/5)

Jamesons Chocolates Ord (10p) 72 (8/5)

Johnson Firth Brown 11.85pcCnvPrf (£1) 105 (8/5). 11pcUnsLn 1993-98 £75½ 6

Johnson Matthey 8pcPrf (£1) 17d 5

Johnston Group 10pc Prf (£1) 118 (8/5)

L—M

N—O—P

Q—R—S

Renold 6½pc1stDb 1900-05 £67½ (8/5). 7¼pc2ndDb 1002-07 £68

Reynolds (J.) Indns shs of rm stk NPV 561½ (8/5)

Robinson (Thomas) and Son 7pc Pf (£1) 135

Rockware Group 6½pcPf (£1) 47 (7/5). 7.7pc2ndPf (£1) 180 (7/5). 8pcLn 1995-1999 £56½ ¼ (8/5)

Ropcork 9½pcPf (£1) 106½ (7/5)

Rowntree Mackintosh wrts to sub £518 ¼ 0½ (8/5)

Rugby Portland Cement 8pcLn 1993-98 £85 ¼

Ruston Hornsby 8pcDb 1987-92 £82 (5/8)

Runcroid 10½pc 1990-95 £89 (7/5)

S & U Stores 8pcPf (£1) 36 (7/5)

STC Intnl Computers 6pcDb 1985-88 £85 ¼ (7/5). 6½pcDb 1981-88 £95¼

T—U—V

W—Y—Z

INSURANCE

Commercial Union Assurance 5pcPf 1989-2003 (£1) 4n (7/5)

General Acc Fire Life 7½pcLn 1987-92 £79. 7½pcLn 1992-97 £77½ (8/5)

Guardian Royal Exchange 7pcPf (£1) 73 (8/5). 7pcLn 1996-91 £78¼ ½ 9 (8/5)

Pearl 8pcPf (£1) 70½ 1

Provincial 25pcPf (20p) 57

Standard Life 5pcPerp £40 (7/5)

Sun Alliance London 6¼pcLn 1989-95 £98½ (3/5)

INVESTMENT TRUSTS

Alliance 4pcPf £34½. 4½pcPf £36 (8/5). 5pcPf £41½

Anglo-American Secs 4pcDb 1956 £99½ (3/5)

Special Situations Wrnts 15 6 (7/5)

Baillie Gifford Japan Wrnts 186

British Assets 5pcPf £42 (7/5)

British Inv Tst 5pcDb 1963-88 £82

De By Cap Shs (10p) 59 (8/5)

Drayton Consold 2.8pcPf £34. 5 5pcPf £42. 7½pcLn 1995 £251

Drayton Premier 5.5pcPf £42. 4¼pcDb £34 (15/5). 7pcLn 1955 £255

Edinburgh American Assets 6pcLn 1973-1998 (£1) 750

Edinburgh Financial Wrnts 15 (7/5)

Edinburgh Inv Tst 3.65pcPfd £42½ (7/5)

Electric General 9pcDb 1989-94 £80½ (3/5)

English Intnl 3.5pcPf £1 85

English Scottish Investors 5pcDb 1982-20 £32 (8/5)

English National Pfc (£1) 140. Old 82

Fano C Pacific Wrnts 53 3

Fledgling Japan Wrnts 15

Fleming Fledgling 6pcDb 1088-93 £74

Fleming Japanese 5pcPf (£1) 43 (8/5)

Fleming Mercantile 4pcPf (£1) 54 (7/5). 5pcPf (£1) 42½ (7/5)

General Funds 5½pcDb 1055-85 £86

General Stock 5½pcPf (£1) 45 (5/5)

German Smaller Wrnts 41

Globe Inv Tst 11½pcLn 1990-95 £229 10

Greenfriar Wrnts 163 (7/5)

Hambros 6½pcDb 1971-85 £94. 6pc 17pc1stDb 2018 £123

Investment Tst Guernsey 15pf 132 (8/5)

Investors Capital 5pcPf £45. 7¼pcDb 1902-07 £72 (7/5)

Law Debenture 5pc2ndDb 1985-88

London St Lawrence (30) 55 (8/5). 5pc Pf (£1) 48 0 (5/5)

London Strathclyde 5pcPf £450

London Tst 15pcDb 2000-04 £112 (7/5)

Monks 5½pc1stDb 1973-95 £97 (3/5)

Murray Growth 4½pcPf (£1) 40 (8/5)

Murray Inc 5pcPf (£1) 45

Murray Intnl 4½pcPf (£1) 52½. 8pcDb 1985-88 £93 (15/5)

New Darien Oil Wrnts 19

New Tokyo Wrnts 110

Pacific Assets (50) 78½ 50½

Plantation 81 Wrnts 37 0. 7½pcLn 2000 £92

Public Issues Inc 48 (8/5). 7½pcPf (£1) 7d (7/5)

River Plate Genl Wts 67 (5/5)

Romney 5pcPf £45

St Andrew 5½pcPf 54½ (8/5)

Scottish Amer Inv 4pcDb £33 (7/5)

Scottish Inv 4.55pcAPf £35½

Scottish Mortgage 5½pcPf £44 5 (8/5)

Scottish National 6pcPf (£1) 50 (8/5)

Second Alliance 4½pcDb (1956) £32

FINANCIAL TRUSTS

Berkeley Technology (50.05) 140 50

Britannia Arrow Hldgs Wts to sub for Ord 25 7 (3/5). 8¼pcPf (£1) 57

Only Mail General 7st (50p) £12½. 8pc Pf (50p) 19½ (8/5)

F C Enterprise 7st Ser B Wts to sub for Ord 11 (7/5)

First National Finance 9½pcLn 1992 £86½ (8/5)

First National Securities (Hldgs) 12½pcLn 1987 £289 1 (3/5)

Genfinance 11.31pcLn 2007 (8pc) £87½ (3/5)

Highcroft Invest Tst 95 4 (8/5)

MINES—SOUTH AFRICAN

MINES — SOUTH AFRICA

OIL

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATERWORKS

Teedring Hundred Waterworks 4.2pcPf (£18) 300 (3/5)

Wrexham and East Dend Water 4.9pc £45½. 3½pcDb £35

Inchcape 5¼pcPf 1988-92 (£1) 72 (8/5). 5¼pcLn 8½pcPf 1990-92 (£1) 82 (5/5). 8pcLn 1987-99 1883-88 £86½ (8/5). 10½pcLn 1998-05 £91 (3/5). 12½pcLn 1993-98 £101½ 2 (8/5)

Kellock 7st Variable Rate Cnv Pf (50) 360 70

Murray Ventures Wts to sub for Ord 37

Provident Financial 7pcPf 1080-88 (£1) 191½ 2 (7/5)

Rothschild (J.) Hldgs Wts to sub for Ord (£1) 48 1

Stewart Enterprise Wts to sub for Ord 10

Stock Exchange 7¼pcDb 1000-95 £71 (3/5)

Van Diemen's A 79 (8/5)

Westpool Invest Tst 5pcDb 1985-00 £76½ (7/5). 5pcLn 1980-90 £115 (7/5)

Yule Catto 11pcPf 1998-2003 (£1) 123 (8/3)

UNLISTED SECURITIES MARKET

Access Satellite Intnl (5p) 252 4 7 81

Applied Botanics 12pcLn 1995-2800 £52

Applied Holographics Warrants to sub for Ord 175

Aspen Communications New Ord (5p) 178 8 80 1

Associated Steel Distributors New Ord (£1) 168 (2/5)

B75 Gp (1p) 78

Bedford (William) (5p) 153 80 1

Biomechanics Intnl (10p) 14

Clayform Prop New Ord (5p) 168 70 1 2 3 4 5 8

Cluff Oil B Ord 53 (7/5). Warrants to sub for B Ord 15 (7/5)

Eldridge Pope A (£1) 189 (2/5)

Electron House New Ord (1p) 126 7

Gibbs Mew 145

Gould (Laurence) 95 5

Huntleigh Technology New Ord (5p) 195 8 7 280

Interview Video (Hldgs) 7pcPf (£1) 28 58 (8/5)

Laidlaw Thomson Gp 50 (7/5)

Maxiprint New Ord (1p) 27 5½

Moorgate Gp New Ord (5p) 148 9 58 1 2 5

Norscot Hotels Ord (59p) 113 (5/5). New Ord (58p) 112 3 4 5

Paul Michael Leisurewear Ord (5p) 22

Pape Gp (10p) 88 8 00 1

Petrolex Ord (5p) 81

Sargers 5.25pcPf (£1) 69½ 70½ (8/5)

Sherwood Computer Services Ord (10p) 193 (8/3). New Ord (10p) 185 7 8 90

Syntennis Ord (10p) 8 ½

United Friendly Insurance B (10p) 388

Wayne Kerr Ord (10p) 135 8 40. New Ord (10p) 133 9 40 (8/5)

Wyko Gp New Ord (10p) 89 70 1 2

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange.

Airship Inds 2n 5 (8/5)

Allied Entertainments 100 2

Aeolo-Am Agnc 7.7pcPf 1994-95 142 5 4 7 8 53 1

Ann St Brewery 4d1 10 5 (5/5)

Appleton Hldgs 57 (5/5)

Aston Villa FA (1 vote) 583 608 (3/5)

Avasco 49½ 50 5½ (8/5)

Business Mortgages 140 (8/5)

Cannon St Invs 33 2 (8/5)

Do 7.7pcPf 1004-98 135 6¼ 7 5 (5/5)

Carraun 2½ 5½ (5/5)

Central Equip 463 73 (8/5)

Central TV 178 83 (8/5)

Celltech 250 (7/5)

Ciba-Geigy 5pcLn 1981-94 £543

Crusts 160 2

Dart Valley Lt Rlwy 08 (7/5)

Diplomore 50 ½ (5/5)

Douglas Gas Light 120 (5/5)

Envopak Grp £53 (3/5)

Exnhem 52 0 60 (2/5)

Farmer Stedall 32 4 (8/5)

Greenwich Bes 25 6 7 8

Harvard Secs 19½ 20 1 2 (8/5)

Heavitree Brewery £11.68 0.70 (8/5)

Heavitree Brewery A £11 (7/5)

ICE Grp £15.58 0.6d

Jersey Elec 5pc A Pf 4d (5/5)

Jersey New W'works 2pc 4thPf 8d (8/5)

Do 3½pc3rdPf 150 (3/5)

Do 5pc3rdPf 280 (8/5)

Kays Atlas Brewery 5pcPf 578 50

Kanick Leisure 46 5 9

Leisure Invs 20 1 (8/5)

Liverpool FC £250 (7/5)

Merrett 184 5

St Austell Brewery 5pc1stPf 584 (7/5)

Shepherd Neame 490 5 (3/5)

Southern Newspapers 187 8 90 (7/5)

Thame Hldgs 84 (3/5)

Utd Trust Credit 333 5 (7/5)

Westndix A NV 130 1

Wistech 11½

RULE 535 (4) (a)

Bargains marked in Securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

AOG Minerals 154

Advanced Micro Devices £22¼ (3/5)

Aetna Life Cas £36½

Agnico-Eagle Mines 750 (8/5)

Alliance Oil Devel 75

Ammil 228 (7/5)

American Home Prods £47¼ (8/5)

Ampol 94 6 (5/5)

Amsterdam-Rotterdam Bk £13 (8/5)

Ashton Mining 50 (7/5)

Assoc Manganese Mines SA £37 (8/5)

Atlantic Richfield US$65

Aust Nat Inds 144 (3/5)

Aust Oil Gas 68 (3/5)

Aztec Ex 18

Basic Res Int (Bahamas) 80 (3/5)

Beach Pet 45

Bligh Oil Minerals 465

Boral Ord 180

BP Canada £19 ⅛

Brambles Inds 228 (8/5)

Bristol-Myers £48

Burlington Northern

Burns Philp 218

Camden Park Est

Central Norseman

Charter Mining

Cheung Kong Hldgs (8/5)

Coca-Cola US$85

Coles (G. J.) 21

Commodore Intnl (8/5)

Cons Pet Anak

Cunia Corp £11

Daimler-Benz

Devel Bk Singapore

Du Pont (E. I.)

Eastman Kodak

Emerson Electric

Eurocelon £32

Evergo Industrial

Fuji Photo Film

Gearhart Inds

Geechtech £39

Geometals (A$0

Global Marine

Golconda Minerals

Gould Inc £16

Greenvale Mining

Hang Lung Devel

Hang Seng Bk

Harris Corp

Hartogen Energy

Heileman (G.)

Heineken NV

Heinz (H. J.)

Hemardon Min

Hewlett-Packard

Hill 50 Gold M

Hitachi 2350

Hong Kong (3/5)

Hong Kong Electric

Hnisel £780

Hysan Devel

Jet Mining

Jet Ben Tech

Jardine Secs

Jimberlena Minerals

Johnson Johnson

Kidston Gold

Knitm Melrose

Lawter Intnl

Lennard Oil

Longreach Oil

Loral Corp

Lucky Stores

McCarthy Gro

McDonald's Co

Mincorp Pet

Mcgol Mining

Mount Carrington

Muneara Min

NZ Forest Prods

Namoak £550

National Elec

Nationale-Ned

New World

Newmont Min

News Corp

Nicholas Kiwi

Norsat Intnl

Oil Search

Olimet Res

Palabora Min

Pan Pacific Pet

Pancont Pacific Pet Ops 50 5.85 (3/5)

Penn Central £44 (7/5)

Pepsico £42½

Perkin-Elmer £19 (5/5)

Pet Secs Aust 90 (5/5)

Philip Morris £65½

Pine Vale Invests 160 (7/5)

Pioneer Concrete Svcs 103 (8/3)

Poseidon 2280 5

Ramada Inns US$7½ (5/5)

Raytheon £56½ (8/5)

Regal Hotels Hldgs 14 15

Royal Trustco A £12½ (5/5)

Rover Gold Mining 145 (8/5)

Santa Fe Southern Pac £22¼ (7/5)

Schering £15½ (5/5)

Schering-Plough £75½ (5/5)

Scientific-Atlanta £9½ (7/5)

Sea-Land £14¼ (5/5)

Selangor Coconuts 94

Shell Canada A £17¼ (7/5)

Siemens £140½

Sonora Gold 363 (7/5)

Source Pet US$5½ 45¼ (7/5)

Southwest Gold Mines 140 (8/5)

Standard Oil Ohio £40½ (7/5)

Stirling Pet 5

Strategic Minerals 10 (5/5)

Swire Pacific 8 (7/5)

Syntex Corp £46½

Tandem Res 55

Tandy Corp £25¼ (7/3)

Target Pet (A$0.15) 1

Teck Corp B 737

Terex Res 18½ 10

Texas Instruments £74¼ (5/5)

Tri-Continental £19

Unilever NV (Fl 20) US$88 (8/5)

Union Pacific Corp £82¼ (7/5)

United O'seas Bk 148 (7/5)

Valiant Cons 8

Vam 13 (3/5)

Vereeniging Refractories 785

Volkswagenwerk £54 (7/5)

Vulcan Minerals 27

Wal-Mart Stores £38½

Wang Labs B £14½

Wattle Indt 155 (3/5)

Western Union 7½

Westmex 1d (7/5)

World Intnl Hldgs 249 (7/5)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration.

None.

(By permission of the Stock Exchange Council)

LONDON TRADED OPTIONS

Option		CALLS Jly.	CALLS Oct.	CALLS Jan.	PUTS Jly.	PUTS Oct.	PUTS Jan.
B.P. (*538)	450	92	107	—	4	8	—
	500	55	76	88	6	16	20
	550	26	40	50	27	33	40
	600	7	17	28	67	67	75
Cons. Gold (*542)	460	107	112	—	3	7	—
	500	69	80	02	9	12	80
	560	35	47	60	25	45	55
	600	18	24	30	67	72	78
Courtaulds (*144)	110	33	—	—	2	—	—
	120	29	—	—	2	—	—
	130	10	23	28	4	6	8
	100	12	17	12	8	11	14
	160	4	2	—	20	23	—
Com. Union (*219)	160	64	66	—	2	3	—
	180	44	47	—	3	4	—
	200	35	36	43	5	12	13
	220	18	25	32	16	20	22
	240	10	14	21	26	27	22
G.E.C. (*192)	180	20	32	40	4	7	0
	200	10	12	26	13	18	18
	220	5	0	—	30	32	—
	240	3	—	—	50	—	—
Grand Met. (*225)	280	25	30	35	6	10	12
	300	12	20	23	17	20	22
	530	4	2	—	42	45	—
I.C.I. (*757)	700	82	94	105	8	15	25
	750	48	62	76	22	34	44
	800	23	36	50	50	57	74
	850	0	20	—	99	102	—
	900	4	8	—	140	150	—
Land Sec. (*304)	280	31	37	43	2	6	8
	300	15	23	28	7	11	15
	330	5	9	—	99	30	—
Marks & Sp. (*139)	190	29	27	—	2	3	—
	130	14	12	23	5	6	8
	140	7	13	18	2	12	14
	160	4	6	8	27	29	31
Shell Trans. (*708)	600	125	—	—	4	—	—
	650	77	22	—	6	12	—
	700	38	53	65	20	25	30
	750	16	27	38	30	52	60
	800	6	11	—	03	100	—
Trafalgar Hse (*350)	293	58	—	—	1	—	—
	323	32	41	—	4	6	11
	330	—	—	42	—	—	—
	353	16	23	—	17	31	28
	360	—	—	27	—	—	—
	326	5	12	—	41	43	—

Option		CALLS May	CALLS Aug.	CALLS Nov.	PUTS May	PUTS Aug.	PUTS Nov.
BAT Inds. (*313)	280	30	43	—	1½	6	—
	300	13	32	42	8	13	20
	330	5	17	28	30	33	40
	360	1	10	17	58	60	53
	320	1	8	12	88	87	88
Barclays (*382)	285	180	107	—	1	6	—
	335	50	57	67	1	8	13
	685	8	26	37	12	25	32
	435	1	10	17	65	50	82
Bt. Telecom (*153)	90	68½	71½	—	0¼	0½	—
	100	38½	61½	—	0½	1	—
	110	48½	31½	—	0½	1	—
	120	38½	41½	46½	0½	1	1
	130	28½	32½	57	0½	1½	2½
	140	18½	24	30½	1	3	8
	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		CALLS May	CALLS Aug.	CALLS Nov.	PUTS May	PUTS Aug.	PUTS Nov.
Imperial Gp. (*188)	160	30	36	—	1	2	—
	180	11	17	22	2	6	0
	200	3	11	15	14	18	21
	220	0½	6	0	33	36	52
LASMO (*206)	203	16	39	45	7	14	20
	623	0	20	32	32	32	42
	353	1	14	22	62	62	65
	383	0½	5	15	02	02	03
Lonrho (*180)	140	42	45	—	1	2	—
	150	22	26	30	1½	3½	6
	180	5	12	18	4	2	16
	200	1	5	—	21	25	—
P. & O. (*343)	300	42	82	—	2	4	—
	330	20	33	43	3	10	14
	360	4	15	26	20	25	30
	690	2	7	—	48	50	—
	420	1	3	—	78	72	—
Racal (*182)	160	0	22	32	5	8	12
	200	2	11	12	20	92	20
	220	1	7	11	40	40	42
	240	0½	6	—	80	60	—
	260	0½	1	—	20	80	—
	280	0½	1	—	100	100	—
R.T.Z. (*634)	600	66	57	67	4	12	27
	650	3	27	42	66	45	87
	700	1¼	11	25	80	25	90
Vaal Reefs (*597)	80	18	21½	24	0¾	3½	3¼
	90	8	14⅛	17	2	7½	10
	100	3¾	2	12½	6	12	15½
	110	0½	4	7½	13	18½	21½
Ex. 10% 1989 (*£94)	90	4⅝	6	—	[illegible]	[illegible]	—
	92	[illegible]	6⅛	3[illegible]	[illegible]	[illegible]	[illegible]
	94	0¾	1[illegible]	2[illegible]	[illegible]	[illegible]	0⅞
	96	[illegible]	0⅞	1[illegible]	1[illegible]	1¾	1⅞
	28	[illegible]	[illegible]	—	3[illegible]	3[illegible]	—

Option		CALLS June	CALLS Sept.	CALLS Dec.	PUTS June	PUTS Sept.	PUTS Dec.
BTR (*799)	650	00	105	117	3	11	15
	760	50	70	84	13	97	35
	750	22	44	67	40	54	62
Beecham (*358)	330	36	43	30	4	7	10
	360	16	22	30	15	20	23
	390	4	2	14	40	40	47
Bass (*344)	480	92	107	—	3	6	—
	580	54	62	67	6	11	15
	350	22	37	40	23	33	38
De Beers (*$5.33)	480	180	140	—	3	10	—
	460	88	110	195	13	22	33
	380	32	80	96	26	33	50
	650	50	60	85	45	60	73
GKN (*232)	180	67	64	—	2	2	—
	200	37	44	—	2	4	—
	220	21	28	33	3	8	10
	240	10	13	21	13	17	21
Hanson (*882)	187	42	46	—	1½	4	—
	200	29	36	40	3	7	8
	220	16	21	22	9	13	13
	240	5	11	17	24	26	27
Jaguar (*280)	280	20	33	—	12	20	—
	300	11	18	37	25	31	33
	330	7	10	18	36	53	57
	660	1	5	—	83	84	—
Tesco (*245)	216	37	42	50	2	4	8
	235	18	27	35	6	10	14
	256	0	13	23	90	22	97
FT-SE Index (*1306)	1180	162	—	—	3	—	—
	1176	137	—	—	4	—	—
	1200	112	130	—	8	18	—
	1260	70	00	103	11	30	48
	1380	36	60	73	28	53	68
	1350	9	30	47	80	83	95

May 10. Total contracts 7,274 Calls 5,825. Puts 1,461.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD G	$280	10	35	10	43	—	—	$315.60
GOLD G	$300	12	17	10	29	—	—	"
GOLD G	$330	—	—	11	16.90	—	—	"
GOLD C	$525	110	1	—	—	26	6.50	"
GOLD G	$360	—	—	—	—	3	6	"
GOLD P	$280	—	—	—	—	—	—	"
GOLD P	$500	2	0.50	10	6	—	—	"
		June		Sept.		Dec.		
SILVER P	$600	10	15	—	—	10	24.50	$853
$/FL G	Fl.535	3	—	—	—	—	—	Fl.351.90
$/FL G	Fl.540	6	14.30 A	2	20	—	—	"
$/FL G	Fl.346	40	11 A	—	—	—	—	"
$/FL C	Fl.350	51	8.50	12	14.20	—	—	"
$/FL C	Fl.355	284	6.50 A	—	—	—	—	"
$/FL G	Fl.360	40	5 A	1	10.50	—	—	"
$/FL G	Fl.565	20	3.10	1	2.50	900	11	"
$/FL C	Fl.370	138	1.90	600	7.10	—	—	"
$/FL C	Fl.375	40	1.60	—	—	—	—	"
$/FL G	Fl.380	26	1.10	6	4.10 B	—	—	"
$/FL P	Fl.323	53	1.30	—	—	—	—	"
$/FL P	Fl.330	130	2.20	—	—	—	—	"
$/FL P	Fl.335	135	2.70 A	22	7.10	—	—	"
$/FL P	Fl.540	184	3.80	13	2.50	—	—	"
$/FL P	Fl.345	16	5	4	10.90	1	15.50	"
$/FL P	Fl.350	10	6.20	66	13.10	—	—	"
$/FL P	Fl.356	21	0.40	5	16	—	—	"
$/FL P	Fl.380	31	12	10	18.60	—	—	"
$/FL P	Fl.373	6	24	—	—	—	—	"
£/$ C	$125	2	2.60 B	—	—	340	8.20	$125.80
£/$ G	$130	—	—	—	—	340	4.50	"
£/$ C	$135	—	—	40	9	—	—	"
		Jul.		Oct.		Jan.		
ABN C	Fl.440	56	7	37	12.50	—	—	Fl.43.50
ABN P	Fl.420	42	4	11	2.50	—	—	"
AEGN C	Fl.190	624	3.80	11	2	14	12	Fl.182
AEGN P	Fl.120	82	7.80	198	10.50	23	12.20	"
AH C	Fl.230	131	4.50	22	0.50	2	13.80	Fl.222
AH P	Fl.220	24	4	—	—	—	—	"
AKZO C	Fl.110	1718	3.20	490	7	139	2.20	Fl.108
AKZO P	Fl.100	1003	1.10	227	2	—	—	"
AMRO C	Fl.70	307	6.30	—	—	—	—	Fl.75.50
GIST C	Fl.180	6	3.50	21	6.80	—	—	Fl.182.70
GIST P	Fl.180	10	0.60	—	—	—	—	"
HEIN C	Fl.130	66	4.50 B	1	7	—	—	Fl.150.30
HEIN P	Fl.140	—	—	29	2	—	—	"
HOOG C	Fl.65	489	1.60	156	3.10 B	16	6.30	Fl.61.80
HOOG P	Fl.60	130	1.80	32	3 A	33	3.60	"
KLM C	Fl.86	36	1.20	140	2.50	7	3.40	Fl.60.30
KLM P	Fl.65	14	3.50	280	7	—	—	"
NEDL C	Fl.180	116	1.30	14	3.50	—	—	Fl.173
NEDL P	Fl.160	137	6.40	6	7.50	—	—	"
NATN C	Fl.57.50	25	1.30	14	3	—	—	Fl.671.0
NATN P	Fl.85	—	—	21	2.50	—	—	"
PETR G	Fr.7000	20	150	—	—	—	—	Fr.6830
PHIL G	Fl.56	1258	2.10	500	3.80	130	4.60	Fl.34.70
PHIL P	Fl.53	366	1.40	354	2.50	86	6	"
RD C	Fl.210	691	2.20	436	4.20	80	7.20	Fl.203.20
RD P	Fl.200	253	7	35	2.70	24	10.60 B	"
ROBE C	Fl.75	8	1	6	2.10	—	—	Fl.73.30
UNIL C	Fl.340	10	13.30	90	17	—	—	Fl.351.50

TOTAL VOLUME IN CONTRACTS: 27,482

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard, EC4P 4DX. 01-236 1833

High Income				
Gilts & Fixed Int.	109.9	115.2	+0.4	10.62
High Inc Equity	72.3	76.9xd	+0.2	6.03
Worldwide Bond	147.2	156.6xd	-0.7	6.19
Capital Growth				
American Growth	130.6	138.9	+3.9	1.57
Asian Pacific	50.3	53.6	-0.4	—
Assets & Ergs. Tt.	77.1	82.3xd	+0.1	3.52
Capital Reserve	55.6	55.8	+0.2	0.76
Commodity & Engy	75.3	80.5	+0.8	3.22
General	105.1	112.4	+0.2	2.59
Japan	161.6	173.8xd	-1.2	0.72
UK Growth Acc Units	104.9	112.8	-0.1	1.94
U.S. Emerging Co's	54.8	58.6xd	+0.2	0.44
Equitas Prog	157.8	168.6xd	+6.5	3.36

Aitken Hume
30, City Road, EC1Y 2AY. 01-638 6626

American Tech Fd	108.0	115.6	...	0.19
Pacific Fd	131.0	140.2	...	0.27
Secured Income Fd	143.5	153.5	...	5.50
Special Sits	173.2	185.3	...	1.56
Energy Fd	38.0	40.6	..	0.40
American Majors	57.0	61.0	..	1.55
Small Co's Fd (10for1)	30.3	32.4	...	1.97
Jap. Technology	43.3	46.8	...	0.19
International Income	49.1	52.5	...	7.00

Allied Unit Trusts Limited (a)(g)
Allied Hambro House, Hutton, Brentwood, Essex
Brentwood. (0277) 211459 & 229123

Balanced Trusts and Income Trusts				
First Trust	165.8	176.6	+0.4	4.03
Growth & Inc Trust	105.1	111.9xd	+0.1	4.11
Capital Trust	190.5	202.9xd	+0.4	2.94
Balanced Trust	282.5	300.9	+0.4	3.91
Accum Trust	425.3	452.9	+0.9	3.17
American Income	29.4	31.3		6.38
High Income Trust	184.7	196.7	+0.8	5.58
Equity Income Trust	102.1	108.7	+0.3	5.77
High Yield Trust	115.6	123.1xd	+0.3	6.74
Govt Secs Trust	27.4	28.6xd	+0.1	10.06
International Trusts				
International Trst	61.9	65.9	+0.1	1.92
Japan Trust	61.0	65.9	-0.6	0.01
Pacific Trust	119.3	127.1	-0.9	1.31
AmerSpcSitsTst	59.9	64.7	+0.1	1.26
Secs of Amer. Tst.	178.1	192.3	+1.2	1.38
Specialist Trusts				

Britannia Group—Continued

Sector Specialist Funds				
Commodity Shares	141.4	153.0xd	+1.0	2.46
Financial Secs.	34.1	36.5	+0.1	2.10
Gold & General	23.5	25.7	+0.4	3.08
Int. Leisure Mic.	12.7	12.9	+0.1	—
Prop. Shares	41.3	44.0	...	1.90
Univ. Energy	45.3	49.7	-0.3	0.54
World Tech.	42.4	45.2	+0.3	0.50
Overseas Funds				
American Growth	62.3	67.8	+0.7	2.40
American Income	52.4	55.9xd	+0.2	6.71
Am. Smaller Cos.	23.1	24.6	+0.1	0.05
Am. Spec. Sits.	68.7	73.3	+0.4	1.64
Australian Growth	70.9	75.6xd	-0.7	2.60
Euro Smaller Co Tst	9.5	10.1	......	0.10
Far East	38.5	41.1	-0.7	1.13
Hong Kg. Perfance	26.1	27.8	..	2.36
Intl. Growth	28.0	29.9xd	...	1.80
Japan Perf. Trust	35.0	37.3	-0.2	—
Japan Smllr Co's Tst	9.8	10.5	.....	—
Exempt Funds				
Exempt	59.7	62.7xd	+0.1	3.65
Ex. Hi. Ldrs.	65.7	65.9	+0.5	3.07
NEL Trusts				
Nelstar Gt. & F.I.	64.7	66.4	+0.2	9.84
Nelstar High Income	59.5	62.6	.....	5.82

Brown Shipley & Co. Ltd. (a)(g)
9-11 Perrymount Rd, Haywards Hth 0444 458144

B.S. Fund	48.8	51.4	...	4.26
B.S. Accum.	76.9	82.9	...	4.26
Financial	94.4	101.0	.....	3.04
Growth Accum	163.1	175.5	....	—
Growth Income	106.2	114.2xd	..	1.70
High Income	49.5	53.2	....	6.27
Income	55.3	59.5xd	....	5.26
North American	50.8	54.6	....	1.21
Orient	47.0	51.4xd	...	0.20
Recovery	27.8	29.9	...	3.07
Technology	134.1	144.2xd	...	0.59
Exempt	161.8	174.0xd	....	2.87

Buckmaster Management Co. Ltd. (a) (c)
The Stock Exchange, EC2P 2JT. 01-588 2868

General Inc May 9	167.5	175.4	....	4.30
Accum Units May 9	257.3	269.3	...	4.30
Income May 8	75.3	77.1xd	...	6.08
Accum Units May 8	122.0	120.3	..	6.08
Intl May 7	105.2	110.3	......	2.05
(Accum Units) May 7	136.7	143.3	.....	2.05
Smaller Co's May 10	894.4	956.6	+9.5	1.27
(Accum Units) May 10	935.3	1,000.4	+10.3	1.27

Canada Life Unit Trust Mngrs. Ltd.
2-6 High St, Potters Bar, Herts. P Bar 51122

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FT UNIT TRUST INFORMATION SERVICE

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INSURANCES

[illegible]

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INSURANCE, OVERSEAS & MONEY FUNDS

Save & Prosper Group
28, Western Rd, Romford RM1 3LB. 0708-66966

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 5941

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Schroder Life Assurance Ltd.
Enterprise House, Portsmouth. 0705 827733

CAL Investments (IoM) Ltd
16 St Georges Street, Douglas, IoM. 0624 20231

CAL Investments (Bermuda) Ltd
PO Box 1022, Hamilton Bermuda. (809-29) 55950

Capital International Fund S.A.
43 Boulevard Royal, Luxembourg

Grindlay Henderson Mngt Ltd.,
PO Box 414, St Helier, Jersey. 0534 74248

GRE International Invest Mgrs Ltd
PO Box 194, St Helier, Jersey. 0534 27441

Guinness Mahon Int. Fund (Guernsey)*
PO Box 188, St. Peter Port, Guernsey. 0481 23506

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St, St Helier, Jersey. 0534 72156

Minerals, Oils Res. Shrs. Fd. Inc.
PO Box 194, St Helier, Jersey. 0534 27441

Samuel Montagu Ldn. Agents
114, Old Broad St, EC2. 01-626 3434

Murray, Johnstone (Inv. Adviser)
163, Hope St, Glasgow, C2. 041-221 5521

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-70152

TSB Trust Funds (C.I.)
26 Hill St., St. Helier, Jersey (CI). 0534 73494

Taiwan (R.O.C.) Fund
c/o Vickers da Costa Ltd, King William St, London EC4. 01-623 2494
NAV $402. IDR value US$10,070.14.

Tennant (Cayman) Managers Ltd and NATCO
PO Box 2189, Grand Cayman. 0101 (809) 9497436

Tokyo Pacific Holdings NV
Intimis Management Co NV, Curacao.
NAV per share $132.26.

Tokyo Pacific Hldgs. (Seaboard) NV
Intimis Management Co NV, Curacao.
NAV per share $96.51.

West Avon Secs. (Guernsey) Ltd
Borough Hse, St Peter Port, Guernsey. 0481 27963

Gilt & Option Fd	61.20	1.26		5.00
US $ Option	61.00	1.06		—

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.27		+0.11	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd		58.50	+0.01	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.63	9.46	14.04	6mth
7-day Fnd	12.76	9.54	14.19	6mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.15	9.08	13.39	6-Mth
7-day Fund	12.55	9.38	13.84	6-Mth
Dollar	6.89			6-Mth
Money Mngt. Acct	12.00			3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Aitken Hume				
30 City Road, EC1V 2AY. 01-638 6070				
Treasury Acc	12.50	9.34	14.03	Qtr
Mth. Inl. Chq.	12.375	9.25	14.05	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	12.05	9.00	13.40	Mth
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.25	9.00	13.49	Qtr
Britannia Grp of Investment Companies				
29 Finsbury Circus, EC2M 5QL. 01-588 2777				
H.I.B.A.	11.85	8.88	13.23	Daily
Tyndall & Co				
29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc	12.35	9.26	13.85	Qtr
Money Acc	12.375	9.25	13.87	Qtr
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth 0705 827733				
Special Acc	12.0	8.97	13.59	Mth
Over £10,000	12.25	9.16	13.90	Mth

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ø Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£96	£81	Mathesons 7¼%	£85	.....	Q7¼%	2.3	f9.3	—
435	375	Metal Box £1	398	+3	†15.0	3.2	5.4	6.4
170	136	Metal Closures	144	−1	6.7	2.0	6.6	9.0
17	9	Metal Sciences 2½p	12	+1	—	—	—	—
104	73	Midland Marts	104	.....	4.0	1.8	5.5	13.2
83½	68	Mitchell Cotts	73½	−1	4.0	1.5	7.0	10.5
226	182	Morgan Crucible	224	.....	8.0	♦	5.1	♦
32	22	Morris (W) F.A. 20p	29½	.....	g0.5	♦	2.4	♦
105	91	Moss (Robt.) 10p	91	.....	†2.5	2.3	3.9	13.2
81	68	Myson Grp 10p	79½	.....	g2.5	3.4	2.2	15.1
410	267	NMW Computers	375	−35	6.0	♦	2.3	♦
43	34	Nash Inds.	38	.....	2.5	1.5	9.4	8.7
48	24	Neil & Spencer 10p	30	.....	♦	—	—	9.0
35	14½	Newman Inds 10p	35	.....	—	—	—	♦
35	18½	Do. 10pc Cn.Cm.Pf.	35	+½	10%	—	4.1	—
55	43	Nolton	55	.....	g1.1	4.3	2.9	9.2
183	146	Norcros	156	.....	8.6	2.4	7.9	8.2
64	51	Nu-Swift 5p	52	+1	†2.4	3.2	6.6	6.8
95	68	Oakwood Grp.	90	.....	d4.5	1.4	7.1	(13.2)
176	150	Office & Elect	173	.....	7.5	♦	4.3	♦
108	83	Oldacre 20p	83	.....	4.0	2.6	6.9	7.4
58	37	Optometrics $0.01	47	.....	Q2c	—	3.3	49.9
475	312½	Oriflame £1	450	.....	25.4	1.5	7.0	14.0
18	15	Ovenstone 12½c	17	.....	Q4.5c	2.2	‡	3.9
£178	£158	Ozalid 9pc Cnv 87-92	£177	.....	Q9%	—	f5.2	—
185	105	PCT Grp 10p	175	+5	g4.8	2.9	3.8	10.7
£14	£10⅝	PLM 'B' Sk 25	£11½	.....	Q21.6%	♦	4.6	♦
193	169	PSM Intl	188	−2	gd5.25	♦	4.1	♦
60	50	Pacific Sales 10p	53	.....	b2.4	2.2	6.5	(8.0)
204	165	Parker Knoll 'A'	203	.....	9.0	2.8	6.3	8.0
375	205	Pauls	362	.....	F13.0	2.3	5.1	15.9
725	575	Pearson	715	.....	17.0	3.1	3.4	12.4
29	18	Peek Holdings	27	.....	—	—	—	♦
94	88	Peerless	88	.....	6.3	1.4	10.2	8.9
905	297	Pentland 10p	905	+115	2.6	♦	0.4	♦
48	33	Pentos 10p	47	−1	0.35	7.7	1.1	12.7
54	44	Philips Patents	45	.....	1.25	—	4.0	—
£11¼	£10¼	Photo-Me 50p	£11¼	.....	9.45	6.6	1.2	—
323	272	Pilkington Br. £1	280	.....	12.5	2.9	6.4	6.1
£315	£225	Pitney-Bowes Cnv. Ln.	£244	.....	Q5½%	—	2.3	—
68	48	Plastic Const. 10p	68	+5	d2.67	1.4	5.6	(15.8)
12	6½	Platignum 5p	11	.....	B—	—	—	—
163	128	Platon Inc.	160	.....	bg1.64	4.7	1.5	13.7
280	206½	Polly Peck Intl 10p	280	.....	3.5	10.0	1.8	5.8
£122	£102	Do. 9pc Cv Ln '03-08	£121½	+½	Q9%	—	f7.5	—
11	7½	Polymark 10p	18	.....	—	—	—	—
54	58	Do. CmPfA £1	38	.....	10%	—	37.6	—
595	500	Portals	550	+5	18.5	2.6	4.8	11.3
270	246	Powell Duff. 50p	270	+3	h14.0	1.5	7.4	16.5
147	80	Prestwich	147	+4	0.7	7.8	0.7	19.5
99	84	Pritchard Svs.	84	−1	3.8	♦	6.7	♦
40	34	Protimeter 5p	38	.....	t0.7	3.9	2.6	(13.7)
£101	887	Quotron Systems $0.10	£101	+¾	—	—	—	—
103	86	RFD Group 10p	94½	.....	†3.39	2.2	5.1	11.6
92	70	Radiant Metal	92	.....	1.5	2.0	2.3	30.5
85	63	Ramco Oil 10p	73	.....	0.7	♦	1.5	♦
372	286	Rank Org.	338	−7	12.0	1.4	5.1	(17.2)
565	500	Reckitt & Colman	518	+10	14.3	2.1	4.8	13.7
95	65	Redfearn Glass	90	.....	0.1	—	0.2	—
150	120	Reed Exec 10p	149	+1	g1.25	5.0	1.2	17.3
600	530	Reed Intl. £1	554	+2	†16.5	3.1	4.5	9.1
162	84	Relyon	102	.....	4.45	2.5	6.2	7.9
235	195	Renown Inc Y50	209	.....	Q25%	♦	1.9	♦
170	130	Renwick Group	170	.....	—	—	—	30.0
120	110	Restmor	128	+2	h3.75	2.6	4.5	12.0
398	290	Reuters 'B' 10p	375	−2	2.5	4.1	1.0	35.0
26½	21½	Rexmore	25½	.....	†1.46	2.3	8.2	(6.2)
111	92	Ricardo	92	.....	2.5	3.0	3.9	12.1
86	73	Rivlin (ID&S) 5p	74	−1	g0.1	—	0.2	—
252	230	Robertson Rsch 10p	237	.....	dg3.0	3.1	1.8	23.3
13¾	10	Rock 10p	11	.....	—	—	—	—

[illegible]

LEISURE—Continued

1985 High	Low	Stock
162	146	Mgmt. Ag. M. 10p
183	155	Media Tech Int 20p
200	124	Medminster 10p
280	175	Miss World 10p
127½	98	Nationwide Leis.
39	15	Nuusio Int 20c
24¼	19½	Owners Abroad
46	38	Photax (Lon.)
24½	22	P'dilly Radio NV 5p
90	55	Pineapple Dnc St 10p
458	366	Pleasurama 5p
96	77½	Pres Entertain 50p
65	28	Radio City 'A' NV
55	43	Radio Clyde NV
63	37	Riley Leisure 10p
193	143	Saga Hols. 20p
£11¼	540	Samuelson Grp £1
39	25	Sangers Photo 10p
202	138	Scanro 50p
15	128	Scott. TV 'A' 10p
508	319	SeaCo Inc $0.125
15	9	SelecTV 10p
140	28	Spectrum 5p
32	25	TSW 5p
142	110	TVS N/Vtg 10p
235	132	Television Svcs 50p
79	69	Tottenham Hotspur
260	182	Trid'nt TV 'A' 10p
160	106	21st Century Dist
165	105	Tyne Tees TV 'A' £1
92	84	Ulster TV N/V 'A'
26	20½	Webb (Jos.) 5p
26½	28	Williams (Rex) 5p
115	93	Zetters 5p

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1985 High	Low	Stock
45	34	BL 50p
325	290	Gen. Mts. Units
557	395	Honda Motor Y50
363	252	Jaguar
118	68	Lotus Car 10p
57	42	Reliant Motor 10p
£29¾	£20	Volvo Kr25

Commercial Vehicles

1985 High	Low	Stock
39	35	ERF (Hldgs)
84	70	Plaxtons (GB)
37	22	York Trailer 10p

Components

1985 High	Low	Stock
164	110	AE
130	85	Abbey Panels
42	29	Aerospace Eng.
32	22	Airflow Stream
38	32½	Armst'ng Eq. 10p
70	55	Automotive Prods.
14	11	Bluemel Bros.
218	184	Dowty 50p
70	25	Dunlop 50p
325	285	Flight Refuelling
27	10	Herman Smith 10p
45	29	Kwik-Fit Hldgs. 10p
288	246	Lucas Inds. £1
100	84	Solex A 50p
41	33	Supra Group 10p
30	21	Woodhead (J.)

Garages and Distributors

1985 High	Low	Stock
252	192	Adams & Gibbon
87	6½	Alexanders 10p

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

[illegible]

OPTIONS—3-month call rates

[illegible]

"Recent Issues" and "Rights" Page 24

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FINANCIAL TIMES
Saturday May 11 1985

Thatcher defends record on jobless

BY MARGARET VAN HATTEM AND MARK MEREDITH

MRS MARGARET THATCHER yesterday defended the Government's record in fighting rising unemployment. She suggested it was now up to the private sector to pursue business opportunities, rather than wait for a boost ord a boom.

In a speech to the Scottish Tory Conference in Perth, the Prime Minister insisted that Government policies were "on the right lines" and that the number of jobs was increasing.

In calling for creation of new businesses and expansion of existing ones to provide more jobs, she held up the example of Scottish engineers, scientists and businessmen who, during the industrial revolution, had travelled the world in pursuit of business opportunities.

"Those people didn't wait for a boost or a boom," she said. "They were the boom."

Britain had lost the vision of freedom and justice which it had fought to defend in the last war. People now looked to the state for too much and to themselves for too little.

Since 1979, her Government had been committed to redressing the balance between the power of the stat and that of the citizen, to create a framework in which each individual could fulfill his obligation to make the best of his talents.

Central to this, Mrs Thatcher said, was the encouragement of ownership of property, of home ownership, which provided security for the family and for retirement.

"Some 11m people have become occupational pensioners. All the evidence shows that more would like to do so. We should help them. We believe that it should be as common for people to own shares as it is for them to own houses or cars.

"The privatisation of British Telecom and many other firms extended share ownership to hundreds of thousands who had never owned them before. And there will be further measurs to come."

Mrs Thatcher's speech, with its consistent theme of self-help and self-reliance, made no concessions to those senior Tories who are becoming increasingly outspoken in their attacks on the Government's failure to reduce unemployment.

Her only reference to the concern voiced by, among others, Mr Peter Walker, Energy Secretary, Mr David Howell and Sir Ian Gilmour, came when she said: "A fall in unemployment is what everyone wants, and no one more than I."

Mr David Knox, Tory MP for Staffordshire Moorlands, added his voice to the growing criticism. Speaking in Birmingham, he said he saw no sign of unemployment falling and called for the Government to return to the policies pursued by governments of both parties before 1974.

Mrs Thatcher insisted, however, that the Government could not tackle unemployment by relaxing the battle against inflation — a battle not yet won. "People think we have defeated inflation. We haven't. It's a daily struggle," she said.

She admitted that thins years rate demands in Scotland — a topic which had dominated the conference — had come as a "thunderbolt" to many people. But she did not specify when the Government would legislate to rectify what she called the "anomalies and unfairness that's inherent in the present system," saying merely that she hoped proposals for arte reform would be published by the end of the year.

The Prime Minister's remarks followed a government announcement of a payment of £40m in rates relief for Scottish businesses hit by a revaluation this year. The revaluation has not affected England and Wales but has provoked new moves for rate reform.

Yesterday, differences appeared between Mr George Younger, Secretary of State for Scotland, and Mr Nigel Lawson, Chancellor of the Exchequer, over the extent of rate relief in Scotland pending the enactment of reforms. Already nearly £100m has been paid because of the revaluation north of the border. This move has provoked an angry reaction, especially among domestic ratepayers, who faced on average a 20 per cent rates increase.

Earlier, Mr Lawson elaborated on the distribution of commercial rates relief, explaining to the conference that it would affect businesses facing particularly large rises in rateable values.

"I have agreed that extra funds should be made exceptionally," the Chancellor said, inserting the word "exceptionally" into his prepared text.

He said the rate relief would be new money and later indicated to reporters that he would be reluctant to repeat the procedure. "I doubt if you will find me in this comassionate, open-handed and generous mood next time," he said.

Asked to comment, Mr Younger said: "That is a typical Treasury opening gambit—you won't find me in a pushover mood either."

● The Conservative Party faces sever financial difficulties in Scotland. Mr Matt Goodwin, Party Treasurer north of the border, said yesterday. He said the finances had reached a stage wheret he staif at the party's central office in Edinburgh could not be given a pay rise this year.

Lawson speech, Page 4

European Banking Company for sale

By David Lascelles, Banking Correspondent

EUROPEAN Banking Company, the London consortium bank which has just launched an independent equity dealership, is being offered for sale.

Its owners, the seven European bank members of the European Bank International Consortium, which includes Midland Bank, are holding talks with possible buyers from Europe and North America. They expect to complete a deal soon.

Yesterday Mr Stanislas Yassukovich, EBC's chief executive and a figure in the Euromarkets, resigned from the bank. He is expected to take a senior position with Merrill Lynch.

The sale, which may be worth £30m, is part of a complex three-way transaction intended to enable Midland to sell its stake in European American Bank of New York, which is also Ebic owned. Midland is obliged to sell that stake by next October to meet a condition imposed by the U.S. authorities when it bought Crocker National Bank in 1981.

The intention is that Midland will sell the stake to other Ebic members in return for their interests in EBC, which it will in turn sell to the successful bidder.

Apart from the U.S. regulatory requirement, Midland is trying to dispose of its interests in companies where it does not have management control, to rebuild its capital resources in the wake of losses suffered through Crocker National Bank. Ebic, originally set up in 1963 to aid its members' entry into international banking, is also reducing its banking ventures now that members have established themselves abroed in their own right.

EBC's balance sheet stands at £614m. It lost £2.8m before tax last year, largely because of a heavy charge for doubtful debts and a large lawsuit in the U.S. The bank is grouped with one of the same name in Brussels, which is not being sold.

EBC is principally a dealing operation, and the buyer is expected to be a leading name who will maintain its position in the markets. Earlier this month, the bank caused a stir by setting up a market-making operation in European chemical and financial stocks. This is to be sold as part of the group.

Following the departure of Mr Yassukovich, the bank will continue to be run by its four managing directors, Mr W. A. Blackwell, Mr P. J. M. Bulters, Mr R. C. Kahrmann and Mr D. R. Mitchem.

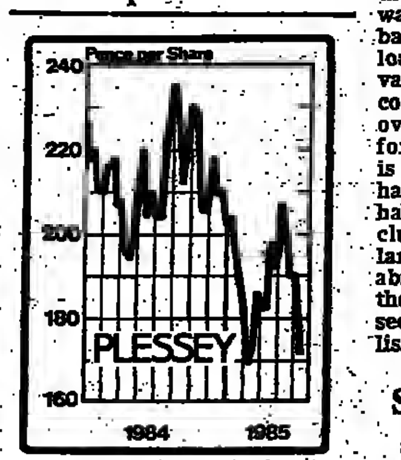
EBIC members ar the Amsterdam-Rotterdam Bank, Banca Commerciale Italiana, Creditanstalt-Bankverein, Deutsche Bank, Midland Bank, Societe Generale (Belgium) and Societe Generale (France).

THE LEX COLUMN

BT drops a line to Mitel

The British Aerospace share price has been saying for weeks that there would be plenty of applications for the shares on offer, and it has been duly oversubscribed. With so many cheques apparently tied up in the latest Government sale, it was a little surprising yesterday to see enough equity buying for the FT-SE index to reach a new peak. Maybe the institutiona had rumbled a repeat of the BT allocation—with every uncommitted share going to small investors—and put the bulk of their money back in the market.

Index up 10.8 to 1001.9



BT/Mitel

If any British Telecom shareholders were feeling reluctant to stump up for the June call on their shares, the chances are that yesterday's piece of BT muscle-flexing will persuade them to stay in. The announcement that Telecom plans to pay C$300m for 51 per cent of Mitel, the Canadian PABX manufacthings for profits, hut it shews turer, may not mean great that BT is determined to convert itself into an international player in the information technology business.

BT's timing could not have been better. Mitel is emerging from a period of technical difficulties with its new digital exchange but has absorbed so much cash on r and d that it does not now have the money to sell its products. The C$300m from BT can either wipe the highly-geared balance sheet clean of debt or—more likely—bring gearing down to a manageable 30 or 40 per cent and free up money for marketing. With better financial controls, Mitel could break even this year and start producing a reasonable contribution in 1986.

But elecom is not buying Mitel for its profits—if it were, a C$300m price tag would be exorbitant. It has its eye on the 35,000 U.S. owners of Mitel PABXs: with that sort of North American customer base, BT will have great distribution opportunities, particularly in the "office of the future" market at which it aspires. Whether it succeeds, of course, will depend on the management it brings in.

The market seemed to have no doubts yesterday as it pushed BT shares up 2p to 157p. In its eyes, BT can do no wrong, while the unfortunate Plessey saw its shares fall 8p to 172p, and STC suffered even more, losing 14p to close back below its rights price at 188p. To torture its UK suppliers cannot have been BT's sole motive in buying Mitel; but the deal undoubtedly gives it far more bargaining power. Yesterday BT was suggesting that these companies should develop their own overseas distribution channels. But the real worry for the suppliers is that B as network operator and equipment manufacturer, will have an overwhelming competitive advantages in the domestic market.

U.S. fund flows

A bottomless pit exerting a strangely magnetic effect on the world's free cash: for the past couple of years this has been a widely accepted picture of the financial pattern determined by the U.S. Government deficit. Yet it has been exceedingly hard to trace the path followed by hot money as it rushes around the U.S. financial system, trying to fill the financing gaps left by federal spending and private consumption.

Strangely, there is no official publication to present a simple analysis of the flow of funds between different sectors of the financial economy. This lack is now made good by economists at Barings, who have taken the raw mass of U.S. Government statistics, and reduced it all to the manageable form of a table showing who is borrowing what from whom — just what the City has been used to (for more modest numbers) in the UK. It contains a few surprises.

Anyone who thought that the dollar was being pushed up by net foreign buying of Treasury bonds is likely to be puzzled by the news that only $27bn of Treasuries — just 10 per cent of the borrowing requirement — went overseas. Indeed, it seems that almost as much of the slack was taken up by American banks repatriating overseas loans to finance the much-vaunted domestic consumer recovery. It is just as well that overseas purchases of debt are forecast to rise in 1985, for it is as sure as anything that banks cannot call in loans they have not made. Barings' conclusion, that this year the dollar will become more vulnerable to investor chice — and the swings of confidence — seems to be quite well established already.

Sodastream

Sodastream has come some distance from the butler's pantry of Edwardian country houses as an indispensable part of the tea-time whisky and soda. But even the Peterborough effect could not make up for overambitious forays from that town into the U.S. and West Germany; least of all last year when Sodastream was undermining its home market through the panicky introduction of a new machine.

Sodastream can at least claim that its bows out with honour. New management has turned the domestic business round since the end of 1984 and even cudgelled shareholders into taking up a £3m rights issue. Provided Sodastream can turn out £2m to £3m before tax this year, Cadbury's shareholders will be spared more than fractional dilution—as well they should after last year's ADR issue.

Cadbury obviously believes there is growth in the Sodastream business; and with a machine in one of every eight U.K. households, it has absorbed a source of competition to its own bottled drink business. But while Sodastream could not afford to lose £3m in pushing into the uncharted tritory of the U.S.—let alone in tempting the citizens of Bremen—it is no comfort to shareholders that Cadbury can lose much more.

The sheer size of the American market is dazzling. But in trying to persuade Americans to make their daily pint of pop at home, Cadbury must take care not to cannibalise the position of Schweppes. Meanwhile, Anglia and Scottish American must be regretting not having pushed Sodastream to market a year or two back and reaping £20m or so for their half-share instead of £13m minus rights.

Stock Exchange objectors win concessions

BY JOHN MOORE, CITY CORRESPONDENT

SIR Nicholas Goodison, chairman of the Stock Exchange, yesterday sought to head off opposition to reforms planned for the securities market, by writing to all members of the exchange outlining amendments made to take account of members' objections.

Sir Nicholas says in his letter: "I know there are tensions, worries, fears and differences of opinion among the members. This was inevitable from the moment that we accepted the abolition of fixed minimum commissions and the consequential change to our well-tried dealing system in order to allow our members to compete in the developing international securities market. The commercial changes that are taking place in securities markets cannot be stopped."

One of the most criticised parts of the reform programme will be dropped in an effort to gain the support of the 4,500 members who will be voting on the proposals at a meeting on June 4. A scheme devised to compensate existing members of the Exchange for the admission of outside interests to the market, such as banks, has been radically altered.

The Exchange originally intended that a market in shares of the Exchange itself should be created, so that existing members, who each hold one share in the Exchange, could receive some value for their investment.

Large securities firms were to be required to hold a minimum of 50 shares in order to operate on the market. But the price of the individual shares was to be limited to £2,000 under a formula devised by the Exchange.

In its revised proopsals the £2,000 ceiling has been lifted. Sir Nicholas says: "The market price of the shares will be determined by supply and demand." But he warned: "Both Government and the Bank of England have emphasised the importance that they attach to the establishment of arrangements which ensure that cost should not become a barrier to new entrants."

Because of these concerns, the Stock Exchange ruling council will retain the power to issue new shares. "The council have no present intention of exercising this power which would only be used in exceptional circumstances, for example, if there was to be no effective market in the shares."

The Stock Exchange council expects that, for the largest initial new entrant firm, the cost of acquiring shares plus other charges would not exceed £700,000.

Outlining another important change, Sir Nicholas says that members have said they find the shareholding requirements for smaller firms confusing and discriminatory.

In the amendments to the proposals, the small firms will not be required to seek dispensation from the council to hold less than 50 shares in the Exchange. It will be an automatic right for each partner in a small firm to hold five shares.

The ruling council has also amended its proposed rule that any securities firm on the Exchange should not hold more than 5 per cent of the total number of Exchange shares, in order not to be able to exercise undue influence. That threshold has been changed to 3 per cent in response to market criticisms.

Sir Nicholas warned that, unless members vote in favour of constitutional changes which will allow outside interests to own 100 per cent of Stock Exchange firms, the market in gilt-edged securities and in leading equities is likely to move outside the Stock Exchange.

He says the council believes it will then be impossible to maintain an efficient and liquid market-making system through which the remaining firms could do their clients' business effectively.

Continued from Page 1

BT

for business communications systems. "The new relationship will strengthen Mitel's manufacturing and research and development in Canada as well as offering British Telecom a major North American base."

Mitel has solved most of the development problems with its large and powerful PABX and has started manufacture in Canada. The majority of the new exchanges have been shipped to the UK where they are sold by BT and ICL, the British mainframe computer company which was taken over last year by STC.

BT confirmed that Mitel products will still be sold in the UK by other companies and that the agreement with ICL will not be changed.

Shah prints strike-hit newspapers

BY DAVID GOODHART, LABOUR STAFF

MR EDDIE SHAH, chairman of Messenger Newspaper Group, rejoined the industrial relations fray in the provincial press by printing three Kent Messenger Group newspapers earlier this week at his non-union print works in Warrington.

The Kent Messenger Group, which is unrelated to Mr Shah's company in spite of the similar name, is in dispute with the National Graphical Association over the introduction of new technology. Since sacking its 144 NGA members last month, it has been looking for temporary alternative printers.

It chose Mr Shah—who rose to prominence through his own closed shop conflict with the NGA in 1983—to print the Kent Messenger, which circulates in the Maidstone area; the Kent Evening Post, which covers the Chatham area, and the free paper the Medway Extra.

Other titles among the group's seven free papers, five paid for weeklies and one evening, have been printed at another non-union plant, Portobello Web Press of Worthing. Most of the rest have been printed by management staff on the group's own presses.

Mr Peter Edgley, Kent Messenger deputy group managing director, said yesterday that he hoped that fewer titles would be printed "away from home" next week.

However, Mr Shah's ability to print successfully for a strike-hit company at such short notice is another blow to the already weakened industrial strength of the NGA in the provincial press.

The NGA's dispute with the Kent Messenger is connected with the provincial press new technology dispute at the Wolverhampton Express and Star.

It began when NGA members refused to handle new equipment for the advertising department made by Press Computer Systems, a company related to the Express and Star.

However, to avoid further legal action, the national union is distancing itself from the Kent action. It already faces five charges of contempt of court arising from the Wolverhampton dispute and the company is seeking sequestration of the union's assets on May 22.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas 11¾pc 1991	£104[illegible]	+ [illegible]
Treas 13pc 2000	£116½	+ [illegible]
BOC	284	+ 7
Barker & Dobson	12	+ 1½
British Aerospace	418	+ 13
Caledonian Offshore	445	+ 40
Courtaulds	144	+ 7
Electra Inv Tst	127	+ 7
Grand Metropolitan	300	+ 8
Guinness	265	+ 9
Headlam, Sims	42	+ 5
Highland Parts	325	+ 34
Imperial Group	189	+ 6
Intasun Leisure	132	+ 7
Liberty N/V	340	+ 50
McLeod Russel	301	+ 39
Mitel	600	+ 144
Molynx	56	+ 9
Pentland Inds.	905	+ 115
Sun (UK) Royalty	210	+ 20
UEI	208	+ 22
Vickers	336	+ 13
Wire & Plastic	87	+ 19
FALLS		
Glanfield Lawrence	45	− 5
Gulfstream Resources	60	− 30
Jackson Exploration	53	− 7
Plessey	172	− 8
Racal Elects	182	− 6
STC	188	− 14
Warrington (Thos.)	64	− 6

WORLDWIDE WEATHER

UK today: Mainly dry with sunny periods. Some rain in E and SE at first. Outlook: dry.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	17	63	Cpnhgn.	F	17	63	London	C	12	54	Oslo	C	13	55
Algiers	S	22	72	Corfu	S	22	72	L. Ang.†	F	12	54	Paris	F	14	57
Amsdm.	C	9	48	Dallas	F	19	66	Luxmbg.	C	12	54	Peking	S	24	75
Athens	F	21	70	Dublin	C	12	54	Madeira	C	16	61	Perth	S	22	72
Bahrain	S	35	95	Dbrvnk.	S	18	64	Madrid	F	14	57	Prague	F	17	63
Barclna.	R	10	50	Ednbgh.	C	11	52	Majorca	C	18	64	Rykjvk.	R	9	48
Belfast	C	11	52	Faro	S	25	77	Malaga	S	23	73	Rhodes	F	24	75
Belgrd.	F	19	66	Florence	C	15	81	M'chstr	R	11	52	Salzbrg.	F	19	66
Berlin	F	19	66	Frankft.	C	15	59	Melbne.	C	19	66	S'cisco†	R	12	54
Biarritz	F	11	52	Geneva	C	10	50	Miami†	S	23	73	Stckhm.	C	9	48
Bmghm.	C	9	48	Gibrltr.	S	25	77	Milan	C	13	55	Strasbg.	F	16	61
Blackpl.	R	10	50	Gl'sg'w	C	12	54	Montrl†	R	16	61	Sydney	S	20	68
Bombay	S	32	90	G'msey	F	10	50	Moscow	S	19	66	Tangier	S	20	68
Bordx.	R	8	46	Helsinki	C	10	50	Munich	S	15	59	Tel Aviv	C	35	95
Boulgn.	C	11	52	H. Kong	F	31	88	Nairobi	F	24	75	Tenerife	C	20	68
Bristol	R	11	52	Innsbrk.	F	17	63	Naples	F	18	64	Tokyo	F	21	70
Brussels	C	11	52	Invrnss.	R	8	46	Nwcstl.	C	10	50	T'rnto†	S	20	68
Budpst.	F	19	66	I.o.Man	R	10	50	N Delhi	F	34	93	Tunis	S	21	70
Cairo	C	39	102	Jersey	F	11	52	N Yerk†	S	17	63	Valencia	R	14	57
Cardiff	C	11	52	Jo'burg	S	23	73	Nice	F	16	61	Vienna	S	17	63
Cape T.	S	20	68	L. Pima.	C	20	68	Nicosia	F	24	75	Warsaw	C	13	55
Chicg.†	S	15	59	Lisbon	S	17	63	Oporto	S	15	59	Zurich	C	14	57
Cologne	C	10	50	Locarno	R	12	54								

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

Scotland Yard to probe BT 'stag' applications

BY STEFAN WAGSTYL

SCOTLAND YARD has been called in to investigate allegations of fraudulent multiple applications in the British Telecom share sale.

It is understood to be the first time that the police have been brought in to consider whether criminal charges should be brought against "stags"—professional investora who aim to make a quick profit in a public flotation.

The decision to involve Scotland Yard was taken by Sir Thomas Hetherington, the Director of Public Prosecutions, after consulting Sir Michael Havers, the Attorney General.

The police have been asked to report back to the DPP, who will decide whether the Government has a case to prosecute.

The Government warned investors before the BT November flotation against submitting multiple applications, spelling out in the prospectus that applicants must put in only one form each.

The Government cashed cheques worth £850,000 from these organised groups but later returned the money. Cheques were returned uncashed to other suspect investors.

In the event, some 6,600 of the 2.3m applications were rejected as suspect. But the Department of Trade and Industry said 10 or 12 large organised groups had been identified.

Fears of TV broadcast free-for-all

By Raymond Snoddy

THE direct broadcasting by satellite consortium is increasingly concerned at Government plans to liberalise the rules of individuals receiving satellite broadcasts from low power satellites.

The consortium, which met in full session yesterday for the first time since December, decide to write to Mr Leon Brittan, Home Secretary, expressing concern that all the implications of the liberalisation plan had not been thought through.

The decision to leberalise the rules on Satellite Master Antennae-Television (SMATV) has been imminent for weeks. SMATV involves putting up dish aerials in individual homes, blocks of flats and hotels.

The DBS consortium fears that SMATV might undermine its market, particularl in rural areas. The worry is that allowing people to erect satellite dish aerials to receive existing programmes designed for cable television but transmitted by satellite will allow competitors into the market now while the earliest the DBS project can start would be autumn 1988.

Reagan

Continued from Page 1

news of a very modest rise in April producer prices.

Bond prices rose by more than a full point by lunchtime, with the senate's vote in the early morning bringing buying orders from Japanese trading houses. The indication in the producer price statistics that U.S. inflation remains low encouraged expectations that the Federal Reserve will be able to ease credit policy in order to stimulate the economy.

Widespread gains in stocks pushed the Standard and Poor's 500 and the New York Stock Exchange indices to new peaks at mid-session. The more narrowly based Dow Jones Industrial Average was more than 15 points up at 1276.06 at lunchtime, still well short of its peak of 1297.92. Two major brokerage houses issued Bullish recommendations to clients.

But the dollar eased slightly in thin trading, as interbank trading slowed ahead of the weekend.

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WEEKEND FT

Saturday May 11 1985

MARKETS · FINANCE & THE FAMILY · PROPERTY · TRAVEL · MOTORING · DIVERSIONS · HOW TO SPEND IT · BOOKS · ARTS · TV

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Users and dealers

In 1955 Britain had 54 registered heroin users. Today at least 60,000 people have serious drug-related problems and another 60,000 are occasional users. Godfrey Hodgson looks at how the heroin epidemic spreads—and how it can be controlled.

IN THE RIGHT-hand side of the poster, the "pusher" is depicted in the likeness of Satan, the incarnation of evil. On the left, crudely horrifying with skull face, the Grim Reaper. "Drugs Mean Death," the top copy line proclaims; "It's the Only Thing Addicts Can Look Forward To."

Below, the poster provides helpful hints, addressed apparently to parents worried that their school-age children might be using dangerous drugs. "Suspect suddenly developing an appetite for boiled sweets." Another reads: "Suspect drinking large quantities of sweet cordials."

This poster has been issued by the Greater Manchester Police. The motive is obvious: a sharp increase in heroin use in Greater Manchester, as in most other parts of the country and an even sharper increase in public concern, especially among parents.

But the fact is that just about everything about that poster is misleading. Crude scare tactics are ineffective, even counter-productive.

The poster is based in an out-dated stereotype of the heroin threat. Dave Turner, of the Standing Conference on Drug Abuse, says: "Any images you

Contrary to American films you may have seen about the horrors of "cold turkey," detoxification is not necessarily either difficult or painful.

had in your mind of drug abuse before 1979-80, you can put out of your mind."

Britain's heroin problem is far bigger than it was; and bigger than most people imagine. But, provided the right policies are pursued and resources made available, it is also less frightening and less dangerous than most people think.

Dependence on heroin has many alarming consequences. Persistent heroin misusers find it harder to get and keep a job or a place to live, and they often have to resort to stealing or prostitution to finance their habit. Human relationships suffer. But drugs do not always or even often mean death, and the new wave of addicts is well aware that, with a bit of care and a bit of luck, death is by no means the only thing to look forward to.

Fifteen years ago most heroin users injected. Most new users either smoke or snort. They are less exposed to the septic dangers of injection and are less likely to overdose. Theoretically, they should be easier to wean away from their addiction.

As the Home Office's official summary of the Government's view puts it, quoting the Advisory Council on the Misuse of Drugs, "the majority are relatively stable individuals who have more in common with the general population than with any essentially pathological sub-group." They are more likely to have a job, to be able to sustain relationships with other people — and to have more reason to get off heroin, and therefore more hope of doing so.

Heroin is roughly four times cheaper than 15 years ago. It is also generally purer, and much stronger than the heroin available in the U.S. or Britain in the 1960s and 1970s. Sources have changed too. If customs seizures are a guide, most of today's street supply comes from Pakistan rather than the "Golden Triangle" in Indochina.

The drug is distributed in Britain by a sort of chain letter, or pyramid selling network. Most dealers are users; most users are dealers.

The number of heroin addicts has risen and the user profile has changed. The Standing Conference on Drug Abuse estimate for the early 1970s was a maximum of about 10,000 drug abusers. Now there are perhaps 60,000 people with serious drug-related problems — and perhaps as many again who have tried heroin "recreationally."

Geographically, heroin use was an inner city problem, mainly in central London. Now it may be found everywhere: in the West End and in Deptford or Dagenham; in cities and suburbs and wholesome country towns.

In 1955 there were only 54 registered heroin addicts in Britain. Roughly half were therapeutic addicts, that is, they were doctors or nurses or had become addicted in the course of taking opiates in the course of medical treatment. Most of the rest had been turned on to heroin by a single pusher, "Mark," who stole a supply of the drug from a Kent hospital. But in the late 1960s a small sub-culture of heroin addicts made its appearance in Britain. From 1967 on, they were able to buy "Chinese heroin" on the West End black market.

The first non-medical source of heroin in Britain was South-east Asia, then ravaged by war. In 1979-80 the price dropped dramatically as wealthy Iranians brought heroin into Britain as a portable way of getting their assets out of Iran after the fall of the Shah. After Iranian heroin had opened up a new market, entrepreneurs from Pakistan moved in with shipments of heroin from the North-west Frontier Province, whose own economy had been thrown into turmoil by the Soviet invasion of late 1979.

Earlier heroin users were drop-outs and hippies who rejected society. Now, some of the new heroin users are still at school. Far more are young adults. A few are rich aristocrats, or highly intelligent young people from upper middle class homes, but a great many are unemployed and very poor.

Most users are introduced to heroin not by the sinister "pusher" of the Greater Manchester Police poster but by friends or lovers. Sometimes the drug is available in the pub or at school, but most dealers sell the drug from home. Lower down the ladder, people buy some to smoke and some to sell. Typically, they might buy five quarter-gramme bags, and sell four to keep one.

This distribution network has a built-in inflationary factor. To afford his habit, each user has to create new users. The user is pushed by economic pressure to become a dealer; the victim is transformed into a potential predator.

Many observers have linked the spread of heroin used in Britain to social problems, such as unemployment and even fear of nuclear weapons. "It appears," says Dr John Marks, a consultant psychiatrist who runs a drug clinic in Liverpool, "that times of social stress lead to greater consumption of drugs."

It is a tempting theory but perhaps an economic interpretation works better. The immediate cause of the recent growth in the heroin habit has more to do with the fact that since 1979-80 greatly increased quantities of a low-cost, high-quality product have been entering the market from a new source of supply.

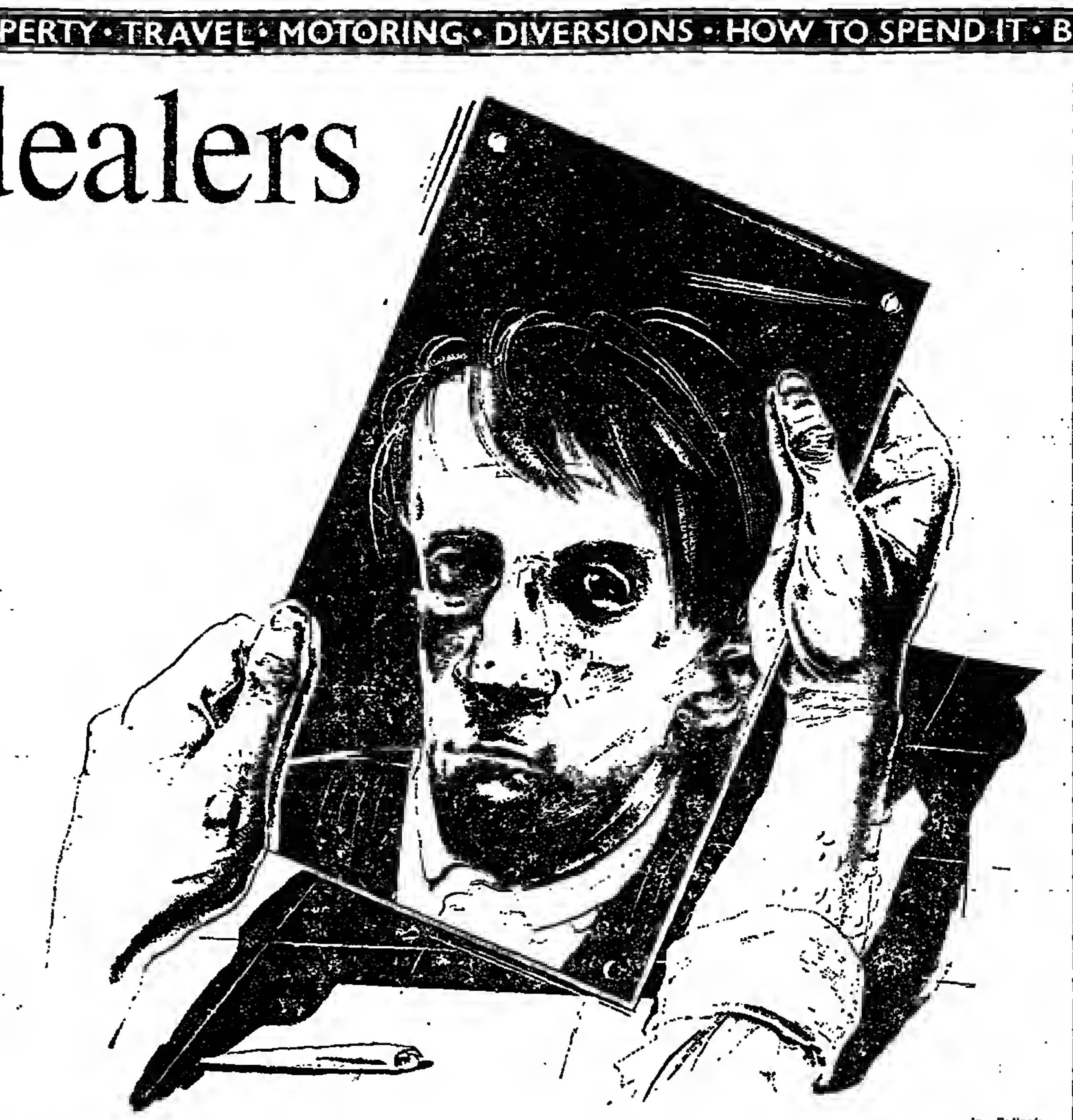
This change in the scope and scale of the problem is alarming. It is not, however — the experts insist — all bad. The fact that there are more heroin users, who will become dependent on the drug if they are not helped to get off it is bad news for them because heroin is too expensive for most users to buy without either recruiting new users or finding money through undesirable means. It is, however, unlikely to kill them.

They are therefore less likely to kill themselves. Eight per cent of heroin users surveyed in a 1969 longitudinal study were dead within five years, mostly of drug related causes, but they were almost all injecting.

Because the new supply route is providing large quantities of relatively cheap, highly pure heroin, large numbers of people in many kinds of lifestyle find it exciting and pleasant to use.

Users are, however, likely to become dependent if they continue to use the drug regularly and with any degree of frequency, say, for six months. If someone once gets in the habit of using heroin daily, says Dave Turner of the Standing Conference on Drug Abuse, then they will be physically dependent within weeks.

Contrary to American films you may have seen about the horrors of "cold turkey" withdrawal, says Dr Dorothy Black of the DHSS, who has more experience of treating heroin addicts than most, physical detoxification is not necessarily either a difficult nor a severely painful process. It is often compared to a case of the flu.



Ian Pollock

"True," said Dr John Strang, a psychiatrist who runs the drug clinic at Prestwich hospital in Greater Manchester. Half jokingly, he added: "And if I had a heavy dose of flu every time I gave up smoking, I'm not sure I wouldn't just keep on with the cigarettes."

At Strang's clinic, detoxification is a matter of carefully assessing the patient's habit and psychology, and then giving a daily dose of methadone, stepped downward, until the physical dependence disappears.

"Any GP ought to be able to do a quick detox," he says. It might or might not be necessary to bring the user in to the clinic for a few days. "If anyone told me it would take as long as three months, I'd laugh at him."

But if coming off heroin is physically easy, staying off is desperately difficult in psychological and social terms. The whole problem with drug dependence is that the drug becomes the most important thing in a person's life. The essential treatment, the only treatment, doesn't sound like treatment at all, because it consists in getting the person to decide that the drug is *not* the most important thing in life.

The trouble with any of the many forms of treatment used is that to get addicts to take a decision to give up their habit *and stick* to it, requires lavish supplies of one of the most expensive of all commodities—trained, pati[ent,] patbetic people.

The Government's strategy [...] both the supply of, and the de[mand for] drugs on five main fronts:

● Reducing the supply of he[roin] abroad. The Government has [...] 160 new customs officers, all [...] in hard drugs, most sear[ching for] heroin, some for cocaine. In 19[...] contributed £180,000 through [the United] Nations Fund for Drug Abus[e Control] (UNFDAC) to law enforcemen[t] in Pakistan, and in 1984 sent [...] £1m, also through UNFDAC, [to] a crop substitution programm[e in the] Dir region of the North Wes[t Frontier] Province.

● Although most heroin use [in this] country is now illicitly import[ed, per] cent of it from Pakistan, her[oin addic]tion originally spread by me[...] wise prescriptions by Britis[h doctors] and thefts from hospitals [and phar]macies. Tighter controls o[n these] supplies are being instituted.

Police work is being [...] There are said to be over 1[...]

The only way to reduc[e the] number of heroin user[s is to] find them, persuade th[em to] come off, detoxify the[m, and] help them to resist [all] temptations and stay [off]

officers in drug squads or regi[onal crime] squads with a major invol[vement in] drugs work.

● Deterrence. MP Keith R[...] introduced a Private Membe[r's Bill to] implement the Government's [pledge to] increase the maximum pe[nalty for] trafficking in heroin and o[ther hard] drugs from 14 years to life. T[he Govern]ment is also bringing in leg[islation to] make forfeit assets acquire[d from] trafficking.

● The Government is spendi[ng ...] an advertising campaign [...] doctors, teachers and o[ther pro]fessionals, parents, and you[ng people] who *may* be potential drug u[sers about] drugs, their danger, and ho[w to cope] with drug abuse.

● *Last* but not least, the Gov[ernment is] making £10m available as pu[mp-priming] funding for three years to lo[cal authori]ties, regional health autho[rities and] voluntary organisations to [help drug] misusers. The projects [...] £500,000 for a drugs inform[ation and] training centre in Liverpool [...] grant for a part-time voluntar[y ...] Leatherhead.

The vital task is to control, [and hope]fully reduce, the number [of users] before the sinister economi[cs of the] chain letter distribution sys[tem—"buy] five and sell four"— swells t[he number] of users to the dimensions of [a national] disaster.

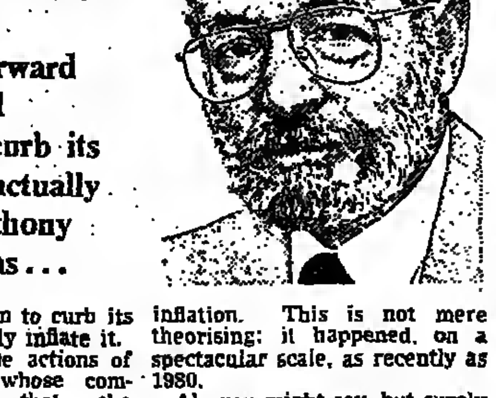
But the only way to reduc[e the num]ber of heroin users, who in a[...] not a moral sense, carry a[...] with them because of the nee[d to fund] their habit, is to find *them* [...] them to come off, detoxify [...] then keep in contact with the[m to help] them to resist all temptation[s to stay] off. That is the hard part.

To do that will require not [...]nology or bricks and morta[r, nor] even any very substantial inv[estment in] specialist facilities. The burd[en falls] on what are called in t[he trade] "generic" workers. On GPs, [...] staff and also on just those [com]munity workers, and district [nurses,] *health visitors*, and psychiatr[ists] and social workers whose nu[mbers have] been restricted by Governm[ent curbs] on local government expend[iture.]

The long view

The funds and their burden of gilt

Broad money not only contains a lot of economically irrelevant numbers, but it can be a positively misleading forward indicator; and measures to curb its growth may actually inflate it. Anthony Harris explains . . .



WHENEVER we hear of horrible, freakish numbers for the money supply, such as those which were published this week, I find myself remembering a question once asked in a moment of impatience by John Fforde, the man who used to sign the bank notes.

"Why," he said querulously, "should I try to flatten the economy just because the pension funds can't decide how to invest their money?" There is a lot of practical wisdom buried in that question; and those whose brokers still preach the more simple-minded kind of monetarism (happily, a dying breed) will find it well worth their while to tease it out. So might some persons in official positions (including, I sometimes suspect, Fforde's successor, a man somewhat less given to healthy self-doubt).

Even in its most literal meaning, Fforde's question is highly relevant at the moment. Nearly a third of the entire growth of sterling M3—or broad money, as it is sometimes loosely called—last year reflected the piling up of cash in institutional accounts. A pension fund which is dithering between, say, Wall Street and equities and gilts will hold money until it has made up its mind; but the one thing it will certainly not do is dash out and buy imported goods, or bid up the price of houses, or do any of the other inflationary things of which a bloated money supply is supposed to give advance warning.

This alone might suggest that a monetary target which includes institutional balances is not a very suitable one from an economic point of view (which is why Nigel Lawson has revived M2, a measure which excludes the large certificates of deposit in which institutions usually invest their spare cash).

This, however, is only the beginning of the story. Broad money not only contains a lot of economically irrelevant numbers, but it can be a positively misleading forward indicator; and measures taken to curb its growth may actually inflate it.

First, imagine the actions of a pension fund whose committee believes that the economy is about to go flat, or worse. It will hold off the market and pile up cash balances: in other words, a rise in the broad money supply can very well be an advance warning of deflation rather than inflation. This is not mere theorising: it happened, on a spectacular scale, as recently as 1980.

Ah, you might say, but surely such a fund will pile into the gilt-edged market rather than holding cash. In principle, yes—this used to happen before the days of M3 targetry. In practice, it won't happen. If the money supply is already looking bloated, so that fund managers believe the authorities will push interest rates up *before* they bring them down—the strategy which has become known in the City as the Grand Old Duke of York (who, you will remember, marched his troops up to the top of the hill and marched them down again). The Grand Old Duke flourished in the 1970s, but made his most spectacular march up to the all-time peak in gilt yields in 1982.

The Duke has been largely retired in the gilts market since the Government started selling equities (by way of privatisation) and indexed gilts as well as fixed interest securities; gilt prices have been remarkably stable in the otherwise turbulent financial world of the past year.

The Bank of England has always been able to find a way to trip up over its own feet, however, and now it is done through the yield curve. Cash holdings now provide a substantially higher income than an investment in Government stock; so, once again, ditherers and pessimists hold cash.

The market is, essentially, asking the Governor when he stopped beating his wife. Gilts won't sell as long as short-term interest rates seem stuck at such a high level; but as long as institutions prefer cash, the money supply overshoots and rates can't come down. The broad money supply grows simply because it is growing.

So far, we have been looking only at the money side of the account — the liabilities of the banks; and if you have already concluded that broad money is a pretty silly and unmanageable target, you will hear little counter-argument these days in HM Treasury.

Congenital money-worriers have an answer, however. We will grant the objections to broad money, they will sometimes generously concede; but what have you got to say about bank lending? That rose by £2.5bn in banking April alone, which is right out of any reasonable range. These people will also add that new ways of financing bank lending, such as the perpetual notes which the banks have been issuing so eagerly, will give only an "illusion" of monetary control (in other words, an illusion of controlling an illusion). These people will worry regardless of whether the money numbers are horrific or orderly: credit control is the problem, they say, and there isn't any.

There really is a problem here, though it looks more like a problem in financial analysis than an economic problem. Companies are highly profitable, and nobody knows quite why they are borrowing so much. There are all too many candidate explanations. One is the official line—a bulge in investment outlays and leasing because of the 1984 Budget. Another comes from the Bank: present turbulent conditions have produced a wider spread than usual between winners, who hold cash, and losers, who borrow.

The markets talk about the bill distortion—the fact that money managers can sometimes *make a turn* by issuing bills of exchange (borrowing) and depositing the money at fractionally higher interest. In addition, the increased volatility of exchange rates imposes new strains on money management. All these influences could plausibly distort the money numbers, and nobody knows how much.

In such circumstances, monetarism breaks down; we have to use a sense of the economy, coupled with market intelligence, as a guide to the money numbers rather than using money as a guide to the economy. On any such test, the current numbers are freakish, and will be washed out in due course. In other words, this could be an excellent opportunity to buy gilts.

• CONTENTS •

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
F.T. Ord. Index	1,001.9	+12.0	1,024.5	928.7	Maintains firmness ahead of BAe issue
Barton Transport	155	−30	215	145	Sharply lower interim profits
British Telecom	157	+ 9	157	103½	Institutional demand/Mitel stake
Burmah Oil	256	+18	258	200	Persistent bid rumours
Carr (John) (Doncaster)	84	+21	86	50	Merger discussions
Charter Consolidated	205	+23	208	180	Sudden emergence of U.S. buying
Debenhams	317	+30	319	188	Persistent takeover speculation
Falcon Resources	370	−40	522	198	Profit-taking after receot strength
Hillards	412	+42	412	322	Persistent takeover speculatioo
McLeod Russel	301	+44	310	242	Speculative ibd hopes

	Price y'day	Change on week	1985 High	1985 Low	
Mitel	600	+150	700	441	British Telecom takes controlling atake
National Oil	44	+12	44	31	Bid from Bridge Oil
Pentland Inds.	905	+185	905	297	Proposed U.S. quotation for Reebok
Plessey	172	−18	212	160	Competition worries over PABX system
Royal Insurance	620	+37	622	516	First-quartar loss less than feared
Tyne Tees TV A	105	−35	165	105	Dismal interim figures
UEI	208	+26	208	158	Comment on results
Valin Pollen International	600	+70	600	330	Good interim results
Vickers	336	+60	336	212	Reliance Financial Services stake
Wire and Plastic Prodnects	87	+43	88	32	Messrs. Robl and Sorrell acquire stake

LONDON

The market holds its breath

THERE is no disguising that it has been a very flat week with the market apparently content to hold its breath a point below the FT-A All Share index all time high of 630.94 reached last Friday.

In this consumer led market it is factors which appear to boost spending power that are taken as supporting rising share prices. Hence the news that the widest measure of money and credit had leapt by its highest monthly amount in 5 years caused not even a wobble. More credit is good news for spenders.

Such a response to what any money-watching economist would see as bad news is enabling the market to stay in a firm mood and to look on tha bright side of almost any contrary developments.

One sucb has been oil prices. For on the spot market North Sea's Brent blend has now dropped $1.50 since this time last month—in the middle of this week it fell (only to recover) by 40 cents on one day alone.

Rather perversely perhaps the investors do not aeem to be worried over oil prices; they may even welcome a weakening of the pound against European currencies as good for exports and profits—and certainly bave little tima for the crocodile tears of the oil majors and producers.

Analysts seem to think that the economic outlook is less rosy, with even the U.S. administration admitting that its growth targets will not be mat this year, yet the equity market does not want to know. Almost out of spite, brokers are beginning to turn bearish; it is a toss-up whether the investors are just resisting the inevitable, or know something that the City experts don't.

*

We all seem to bave plenty of money to spend these days, however it is measured, or at least enough to keep the cash tills at tbe stores purring strongly. Sbop sales have been rising by twice the rate of inflation for two years—much as if people expected an imminent return of high rates of inflation.

Naturally enough this has baen raflected in a return to favour of retailing shares. And for some time tha stores bave been leading the market with the most favoured stocks being among those making highly visible inroads on the high street fashion scene or alternatively those tipped as possible takeover targets.

British Home Stores and Marks and Spencer fit into neither of these glamour categories although both have turned in more than workmanlike profit increases in the past week.

For a giant the size of Marks—almost twice as big as the sectors number two, Great Universal, in market worth—the problem has to be how to achieve a growth rate that will measure up to the performances of its smaller brethren.

The answer has been to install at the top the first non-family boss and to try introduce some of the marketing and merchandising techniques of the more dynamic retailers by allowing individual executives a freer hand.

This no doubt fits closely with plans to spend £500m over the next two years on expanding and redesigning the selling area of the chain — a remarkable break with tradition that based itself on a slow but steady 3 per cent a year rate of growth in the past.

Yet the market still seems unsure how to rate what Marks is doing. The success of the "Next" chain in women's fashionwear and the aggression of Burtons in mens, are often taken as points off Marks' own performance — almost as if be cause someone else does well in a narrow part of the clothing market then somehow the major must be failing.

Further with more than 2,600m shares issued it would take an avalanche of dealing to shift the Marks' share price very much. As long as stores are a "hold" or a buy than everyone will have some Marks in their portfolio but the investor will he doing this for security's sake and looking for gains elsewhere.

Hence the message of the brokers — hold or buy on weakness — is likely to remain. Marks will never drop like a stone or rise like a bird, they argue, a safe (if unexciting) port in a storm.

Such a passive attitude could be underestimating the scale of the changes being made. Even a fraction of a percentage point fall in costs will come sharply through below the line as most of the expansion costs will be covererd from cash flow (thus preventing any more than a marginal rise in debt).

The position at BHS is very different. For years the group toiled under a dowdy downmarket image but, with a new management, has begun to move. As a result the company's shares have been enjoying a re-rating.

The new look BHS has its own refurbishment scheme—carrying the suitably more modest price tag of £60m a year—but can expect to suffer more from the competition of other retailers, whether the born again Woolworths or the rising stars of the High Street clothing business.

For the investor the attraction of BHS has to be the potential for tha share price to rise towards tha sector average if tbe market continues to view its recovery favourably and therefore allows the re-rating process to go on. What is being looked for is solid evidence that BHS is getting its trading margins up from the 10 to 12 per cent range achieved by Marks and expected from a successful chain store operation—a target which requires BHS to lift its margins by a tenth or so.

Sentiment on both stocks is key to their short term performance. BHS is seen as going places—admittedly from a low base but this has its positive side, Marks can ill to readily be passed over as appearing to be standing still simply because it has to work very bard indeed before anyone believes that a real movement has taken place.

European Ferries is in the throes of an extensive refit. And while the decks are being cleared of some old operations and new activities are being taken on board, the group's shareholders have yet to see the results of the refit.

They may not have to wait too long. For although pre-tax profits for 1984, announced on Wednesday, were a shade lower than 1983 at £44.7m, there are strong signs that 1985, and particularly 1986, should be much better years.

In shipping, which made minimal progress to £17.5m last year in the face of tough price competition, tha group should aecure much better margins following the acquisition in January of P & O's ferries.

In property, exchanging most of the UK portfolio for a large stake in the developers brings in some very experienced stockley managers to take care of Euroferries' properties.

It also gives Euroferries a share of Stockley Park, a business park similar to the one in Denver—the core of Euroferries' successful U.S. property interests which last year brought in £14.6m.

The group is also setting about expanding its harbours at Felixstowe and Larne which are both operating at full capacity, bringing in £9.9m profit last year.

Clearly there are costs to be borne—£50m to be spent on ships, £45m at Felixstowe—investments far outweighing the cash raised from last year's sale of Singer and Friedlander and adding substantially to interest payments. Euroferries is still struggling, moreover, to cope with its awkward handicap, the La Manga golf club in Spain—where it lost £4.3m at the 19th hole last year.

Nevertheless, the group seems set to make £50m pre-tax this year and perhaps £60m the year after, making the shares good value at 145p on a multiple of under nine.

Terry Povey

UNLISTED SECURITIES MARKET

Investors in the tax maze

IF YOU own shares in a company, the tax treatment of your investment will often hinge on whether or not the company is quoted on the Stock Exchange. Although the tax system distinguishes clearly between fully-quoted and completely unquoted shareholdings, it has yet to come to terms with the half-way house of the Unlisted Securities Market. For some purposes USM shares are treated as if they were quoted and for others as if they were not. No particular pattern has yet emerged and this creates a confusing situation for USM investors.

The confusion is especially evident in the area of tax incentives to invest in up-and-coming companies. Unquoted private companies are eligible for relief under all the various schemes while fully quoted companies are not. USM companies fall on different sides of the line at different times.

The Government's first incentive measure was to allow an investor who made a loss as a result of subscribing for shares in a company to set the loss against income rather than capital gains. This concession applies to losses incurred on USM shares but not on fully quoted shares.

The Government then went a stage further by offering an immediate income tax allowance for investments in certain "qualifying companies." This was done at first under the Business Start Up Scheme and later the Business Expansion Scheme.

USM companies are disqualified from relief under both schemes in just the same way as fully quoted companies. Indeed, an individual will retrospectively forfeit relief under the BES if the company in which he has invested joins the USM within three years of the date on which he subscribed.

Contrasting treatment of USM and fully quoted companies is also a feature of the rules governing interest relief on loans taken out by employees to acquire shares in their own companies. There are two alternative ways of obtaining relief.

The first is only available where the employee either occupies a management position in his company or else owns at least 5 per cent of its shares. In addition, the company itself must be a "close" company for tax purposes, i.e. a company controlled by not more than five shareholders.

The question of whether a company is quoted, unquoted or USM has no direct bearing on the availability of this relief although, in the nature of things, virtually all unquoted companies are close, almost all fully quoted companies are not, and USM companies are more of a mixture.

The other route to relief is specifically for the benefit of employee-controlled companies. These are companies in which more than half of the shares are owned by full time employees, each owning no more than 10 per cent. It is only available to unquoted and USM companies.

At least two other tax laws favour USM companies whilst another gives more scope to their fully quoted counterparts.

When a company buys-in its own shares the payment to the vendor is normally treated as if it were a dividend. This means that the company has to deduct Advance Corporation Tax and the shareholder has to pay income tax on the amount he receives.

ACT and income tax can, however, be avoided — and replaced by capital gains tax—if the transaction satisfies the exemption conditions set by the 1982 Finance Act. One of the conditions is that the company should not be fully quoted. However, this is a problem only for quoted companies which buy in shares by private arrangement. Purchases in the market are anyway covered by a separate exemption.

USM shareholdings can also be more economically passed on to one's heirs. For capital transfer tax purposes, the valne of a gift or legacy is discounted by 30 per cent to the extent that it comprises shares in an unquoted or USM company. There is no reduction at all for quoted shares unless the shares changing hands form part of a controlling interest.

Passing from tax law to Inland Revenue practice, the USM's second division status is underlined by a Revenue statement on share valuation guidelines. The Revenue says it automatically accepts the stock market price of a quoted share as an accurate indication of its worth. It makes no such concession for USM shares, saying only that the USM price will be accepted as evidence—not necessarily conclusive—of true market value.

David Cohen

RESULTS DUE NEXT WEEK

Weaker $ improves margins

BRITISH PETROLEUM's first quarter results are expected to show the benefits of the weaker dollar and a good month of March for refinery margins and product prices.

The analysts are looking for a net income of £470m—strongly ahead from the previous quarter's £351m and even more in front of the £342m posted in the same period in 1984. For the full year net income at this level should keep the oil major on target for a record £1.4bn.

The performance of tha refineries in January and February was poor with losses estimated to have been made at all of BP's main European centres. With tha weakening of the dollar, howevar, margins began to improve sharply in March, and are now at the most profitable levels seen for some time.

March also saw a rise in product prices for both gasoline and middle distillates throughout Europe.

The shares moved up earlier this year as a result of some heavy U.S. buying when the takeover market for oil majors—some as large as BP—was on the boil. Subsequently they have slipped back a little although a yield of 5¾ per cent should support further improvement.

The cost of persuading Americans of the merits of Snuggle (fabric softener) and Sunlight (dishwasher powder) will bear heavily on the 1985 first quarter results from Unilever, dua on Monday.

The money the Anglo-Dutch gronp bas spent winning market share in the U.S. from Procter and Gambla is likely to have held back growth. Meanwhile, in Europa Christmas aales of cheap EEC butter will have bit margarine profits.

Elsewhere, the picture sbould be brighter with useful advances expected in Brazil and in Africa, but with a weaker U.S. dollar currency gains could well be smaller than last year. Indeed, it might be that only a six-month initial contribution from Brooke Bond, acquired last October, bringing in perhaps £15m net, can allow Unilever to produce any advance at all on last year's £186m pre-tax.

The City is very undecided with estimates ranging from £185m to £235m, though avan the most cautious analysts believe the group will make £1bn or more for the year.

The main problem that Sears will be faced with when it announces preliminary results on Tuesday will be to persuade the market to forget the exceptionally good results of 1983/84. Against that achievement an otherwise encouraging forecast for the year just ended £168m (exclusive of non-trading items) represents a mere 8 per cent increase.

The second half should have been considerably better than the first. British Shoe in particular should now be making up for the damage caused by "jellies," last summer's trendy cheap plastic shoe, although the U.S. shoe operation, Butlers, is thought to have had another bad six months. Meanwhile, department stores and other retailing should hava continued to show encouraging growth.

Forecasting a bookie's profits is always a gamble, but the City reckons some £8m is likely from William Hill after last year's winning £11m.

BOC's first quarter results are now about £4m more than the City had been expecting. But all that and perhaps more will vanish when they are restated in the interim results due on Monday to take account of the level of exchange rates at the end of the first half.

Were it not for a decline in the U.S. and Australian currencies in the March quarter, first half profits could have been over £80m. As it is most analysts are forecasting about £75m pre-tax. Most of the group's businesses should remain strong, with industrial gases doing well across the world (with the possible exception of Australia) and health care continuing to show good growth.

Tha main trouble spot will once again be graphite electrodes, suffering from tha effects of a strong dollar and more recently a slowdown in the U.S. economy.

BOC doesn't have a lot of friends in the City these days; and few analysts expect these results to find it many more.

Computer and Systems Engineering (CASE), one of the smal UK electronics companies which seems to bave made the big time, announces its results for the year to the end of March on Thursday. Interest will focus less on the phenomenal profits growth the group is likely to report—about £11m pre-tax against £4.1m—than on the company's comments about its prospects.

In the UK, domestic and export sales are running strongly with particularly good demand for the Beeline electronic mail exchanges. But the City has its doubts about the U.S. market where CASE has made a very big commitment following the acquisition last year of Rixon.

It could be that sales of CASE's own products will be growing well despite the weakness of the U.S. data communications market, if only because they have only just ben launched, but Rixon's own more established products may be suffering from market conditions.

When leading insurance giants General Accident and Commercial Union report their first quarter figures on Tuesday and Wednesday respectively, the market will be concentrating more on the recovery prospects for the rest of the year than on the actual pre-tax figures.

It is expected that GA and CU will follow the pattern set this week by the other insurance giant Royal Insurance in reporting much higher pre-tax losses than in the first quarter last year.

The market will be seeking confirmation that the long heralded recovery is coming. Thus it will be paying more attention than is usual to the premium income figures, looking for a strong underlying growth that shows these two companies to be making swingeing increases in premium rates worldwide—the first major step to better health.

Indeed, the recovery may already be starting to be seen in the U.S., with a slight reduction in losses in dollar terms. However, sterling's weakness during the first quarter will turn this into a continuing decline.

Results from Canada are expected to be very poor as the companies strengthen their reserves to meet the higher liabilities imposed by recent court decisions.

Contributors:
Lucy Kellaway
Stefan Wagstyl
Terry Povey

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Anglo American Coal Corpn.	Tuesday†	60.0	95.0	62.5
Bank of Ireland	Thursday	5.5	12.0	5.5
Berry Pacific Fund	Thursday	—	—	—
Capero Props	Tuesday	—	—	—
Computer and Systems Engineering	Thursday	2.74	0.685	0.45
Duport	Wednesday	0.3	0.7	0.33
Emray	Tuesday	0.5	0.3	—
Feedex Agricultural Industries	Thursday	0.5	0.65	—
Hartwells Group	Wednesday	3.4	—	1.2
Heath, C. E.	Thursday	5.25	11.75	—
Henderson Group	Thursday	1.5	3.4	2.25
Land Securities	Tuesday	—	4.21	2.5
London Atlantic Investment Trust	Thursday	1.75	3.8	1.85
Markheath Securities	Tuesday	4.55	5.2	4.55
Moss, Robert	Thursday	0.8	1.7	0.9
Micro Focus Group	Thursday	—	—	—
Murray Technology Investments	Thursday	—	0.5	—
Outwich Investment Trust	Monday	0.75	1.85	1.0
Personal Assets Trust	Friday	—	0.4	—
Roncimah	Tuesday	2.5	2.5	2.5
Sears Holdings	Tuesday	0.7	1.8	0.5
Seccombe Marshall and Campion	Tuesday	6.0	14.0	6.0
Smith St Aubyn	Wednesday	1.5	2.0	1.5
Spear and Jackson	Tuesday	3.5	2.0	—
Stewart Enterprise Investment Co.	Monday	0.2	0.4	0.4
Stylo	Wednesday	—	0.26	0.75
Tern Group	Monday	—	—	—
Tysons (Contractors)	Tuesday	—	2.25	—
Ultramar	Wednesday	3.5	‡6.5	—
Wace Group	Tuesday	—	—	—
Welpac	Monday	—	—	—
Whitbread Investment Trust	Wednesday	1.94	3.96	2.17
Witan Investment	Wednesday	—	—	—
INTERIM DIVIDENDS				
ASEA AB	Monday	—	7.0¶	
Baggeridge Brick	Wednesday	3.75	1.875	
Bush Radio	Wednesday	—	0.14	
BOC Group	Monday	3.15	4.55	
Brown, Matthew	Monday	1.75	6.412	
Commercial Union Assurance	Wednesday	—	—	
Cooper, Frederick	Tuesday	0.53	1.24	
Diploma	Monday	2.2	7.5	
Dubilier	Thursday	1.0	1.4	
General Accident Fire and Life Assur.	Tuesday	6.0	12.0	
Grand Metropolitan	Wednesday	3.7	5.5	
General Stockholders Inv. Trust	Wednesday	0.95	1.4	
Novo Industri Ass	Wednesday	—	¶20.0	
NSS Newsagents	Wednesday	1.714	3.0	
Reliant Motor	Friday	—	25.0	
Unilever NV	Monday	—	—	
United Wire	Tuesday	—	—	
Western Selection	Thursday	1.0	1.7	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Cents per share. ‡ Share option. ¶ Krona per share (gross). ¶ Subject to withholding tax.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	7.0	7.12	5.59	4.07	HY	1	—	0-7
High interest cheque	9.0	9.31	7.32	5.32	Q	1	2,500 mlo.	0
3-month term	8.44	8.71	6.84	4.98	Q	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	8.25	8.42	6.62	4.81	HY	1	1-250,000	0
High interest access	9.75	9.75	7.66	5.57	Y	1	500 min.	0
90 day	10.0	10.25	8.05	5.86	HY	1	500 min.	90
Premium	10.25	10.65	8.37	6.09	Q	1	10,000 min.	90
NATIONAL SAVINGS								
Investment account	12.75	8.92	7.01	5.1	Y	2	5-50,000	30
Income bonds	12.75	9.46	7.44	5.41	M	2	2,000-50,000	90
30th issue‡	8.85	8.85	8.85	8.85	n.a.	3	25-5,000	8
Yearly plan	9.28	9.28	9.28	9.28	n.a.	3	20-100/month	14
General extension	9.51	9.51	9.51	9.51	Y	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	9.69	9.92	7.79	5.67	HY	1	2,500 mln.	7
Schroder Wagg	8.97	9.35	7.35	5.34	M	1	2,500 mln.	0
Provincial Trust	9.54	9.77	7.68	5.58	M	1	1,000 mln.	0
BRITISH GOVERNMENT STOCKS§								
10% Treasury 1987	11.8	8.9	7.4	6.0	HY	4	—	0
11⅝% Exchequer 1990	11.7	8.2	6.4	4.7	HY	4	—	0
10% Exchequer 1995	11.7	8.3	6.6	4.9	HY	4	—	0
3% Treasury 1987	9.7	8.5	7.9	7.4	HY	4	—	0
3% Treasury 1989	9.4	8.3	7.8	7.3	HY	4	—	0
Index-linked 1988¶	9.5	9.2	9.0	8.6	HY	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes current inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax. M Monthly, Q Quarterly, HY Half yearly, Y Yearly.

COMPANY NEWS SUMMARY

Take-over bids and deals

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Adams & Gibbon	240*	252	234	4.32	Keep Trust
Allied Textile	473	480	430	42.91	London & Midlnd
Anvil Pet	64	58	50	10.30	Berkeley Expln
ASR Hldgs	450*	445	365	9.00	Minet Intnl.
Brown (Matthew)	444§§	385	323	100.25	Scot & Newcastle
Cartwright R.	133§	174	107	8.92	Henderson Group
Cole Group	161§-§§	178	122	4.83	Moss (Rabert)
Enery Seryices	94½	99	67	35.58	Peek Hldgs
Haden	240*	365	232	37.18	Trafalgar House
House of Fraser	400*§	396	346	430.92	Al Fayed Inv & Trust (UK)
Ingall	105*	104	90	9.58	House of Fraser
Jacksoo J. & H. B.	116§§	120	84	27.52	Williams Hldgs
Manor National¶	11½	10½	13	2.00	Bramall (C. D.)
MFI	281	278	258	553.54	Assoc Dairies
MJI	18	16½	15	4.03	Leigh Interests
Muirhead	169½	192	148	14.41	RHP
Petrolex	83	81	81	12.98	Saxon Oil
Planet Group	110½	104	88††	11.06	Heywd Williams
Selincourt	39	30	28½	20.19	Stormgard
Solicitors Law	36	36	37	4.15	Hollis Bros
Solicitors Law	35*§	36	41	4.03	Pergamon
Times Veneer	20*§	45	49	1.41	CDI Hldgs
Trident Computer	81	75	70	2.02	Park Place
Waring & Gillow	160*	148	155	24.96	Hopecastle
Westland	150*	149	140	88.90	Bristol Rotocraft
Yorkgreen	15	15	10	1.66	Talbex Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already beld. ¶ Unconditional. ** Based on May 10, 1985 †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Air Call	Dec	912	(1,300)	10.2	(22.2)	5.6	(5.6)
Ambrose Inv Co	Dec	901	(822)	8.8	(8.1)	8.82	(8.4)
Barr & Wallace	Dec	1,310	(1,130)	18.5	(16.0)	7.0	(6.0)
Billam, J.	Dec	193L	(18)L	—	(—)	2.8	(2.8)
Bio Isolates	Dec	356L	(234)L	—	(—)	—	(—)
Boot Henry	Dec	4,050	(2,150)	55.3	(35.6)	11.5	(11.5)
Bristol Oil & Min	Dac	2,420L	(457)	—	(—)	—	(—)
Cluff Oil	Dec	635L	(1,400)L	—	(—)	—	(—)
Costain Gronp	Dec	54,340	(46,440)	46.7	(42.6)	15.0	(13.5)
Debenhams	Dec	40,700	(32,700)	20.8	(17.2)	8.5	(7.5)
Enropean Ferries	Dec	44,700	(45,400)	15.9	(13.2)	4.3	(3.8)
Executex Clothes	Dec	117	(206)	6.5	(9.7)	—	(—)
Garnar Booth	Jan	4,770	(3,180)	39.3	(31.3)	5.8	(4.85)
King & Sbaxson	April	790	(1,100)	—	(—)	8.25	(8.25)
Lee Cooper Grp	Dec	8,910	(8,210)	20.2	(15.6)	3.68	(3.68)
London Pk Hotel	Dec	594	(487)	—	(—)	7.38	(7.38)
Lyle Shipping	Dec	16,800	(8,710)	—	(—)	—	(—)
Miles 33	Feb	513	(342)	19.2	(12.8)	2.75	(2.5)
Palma	Dec	388L	(507)	—	(—)	1.25	(—)
Paul Michael Leis	Dec	298	(756)	2.3	(4.2)	1.25	(—)
Richardsons	Dec	1,500L	(3,530)L	—	(—)	—	(—)
Silentnight Hldgs	Feb	2,230	(5,240)	6.3	(11.6)	2.75	(2.75)
TMG Gronp	Dec†	700	(320)	27.2	(11.2)	—	(—)
UEI	Jan	10,410	(8,210)	11.2	(10.6)	5.25	(5.25)
Usher Walker	Dec	784	(696)	18.5	(17.3)	8.6	(5.5)

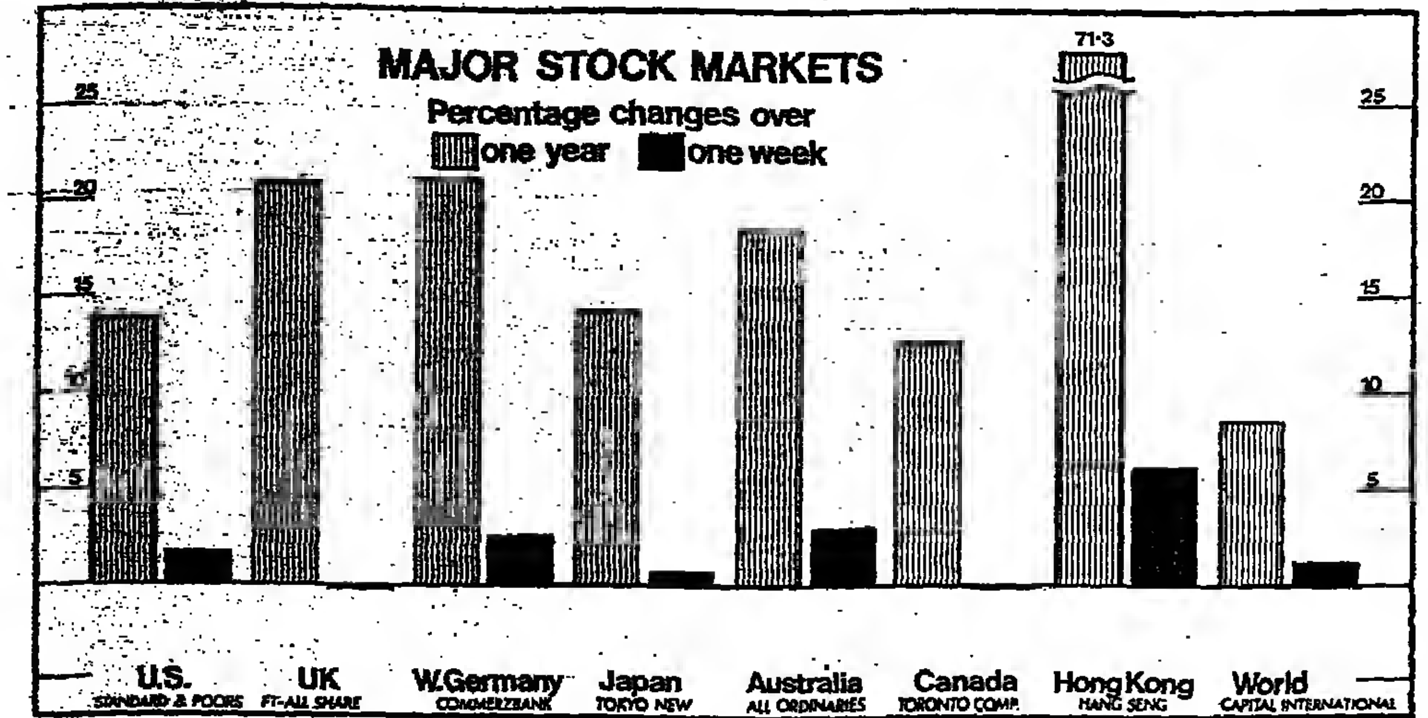
INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
A.E.	Mar	11,200	(8,200)	2.0	(1.75)
Akroyd & Smithrs	Mar	8,180	(7,760)	4.0	(4.0)
Associated Paper	Mar	2,198	(1,890)	2.0	(1.5)
Barton Transport	Dec	41	(153)	—	(—)
Castle (G. B.)	Feb	63	(684)	—	(1.12)
Concentric	Mar	1,051	(987)	1.35	(1.27)
Fairline Boats	Mar	252	(146)	1.5	(1.13)
Five Oaks Inv	Dec	109	(72)	—	(—)
London Entertain	Feb	481	(170)	—	(—)
Ryl Bank of Scot	Mar	75,900	(56,800)	3.6	(3.3)
Stakis	Mar	5,400	(4,000)	0.4	(0.33)
Trafalgar House	Mar	57,420	(113,150)	5.4	(4.7)
Tyne Tees TV	Dec	1,060	(2,012)	—	(3.0)
Valin Pollen Int	Mar	507	(280)	1.0	(0.6)
Vaux Group	Mar	5,110	(4,490)	3.74	(3.4)
Wardle Storeys	Feb	1,490	(1,110)	1.7	(—)
Whessoo	Mar	2,020	(1,120)	2.5	(2.5)

(Figures in parentheses are for the corresponding period)
* Dividends are shown net pence per share, except where otherwise indicated. † Figures in I£. L Loss.

Issue News

Godwin Warren Control Systems—One-for-three rights issue at 134p to raise £1.53m.
British American & General Trust—Issuing 3.8m shares at 110p.



NEW YORK

A week of confusion and drift

WALL STREET went nowhere in April and the outlook for May looks equally flat with the market historians gloomily noting that on only four occasions in the last two decades has the Dow Jones Industrial Average ended the month higher than it started.

The Dow ended April at 1,275 and in the first week of May dropped to 1,242 at one point before staging a relatively weak rally which saw the index back up to the 1,260 level by Thursday of this week. The strong upward momentum which characterised the U.S. Stock market in January and February has disappeared and the market is tending to drift haphazardly depending on which of the daily conflicting crosscurrents are the strongest.

This week has been no exception. The credit markets had ended the previous week on a strong note buoyed by the increasing optimism that the Federal Reserve would soon have to cut its discount rate to boost the flagging U.S. economy. This week's record $20.5bn U.S. Treasury refinancing operation was generally well received by the markets with the three-year notes being sold at an average 10 per cent yield, 40 basis points lower than last February.

However, on Wednesday, Mr Volcker, chairman of the Federal Reserve, told Congress that the Fed had not significantly eased its grip on credit in recent weeks, which led the market to believe that the Fed was not going to cut its discount rate, or at least wait until after the next federal open market committee meeting, scheduled for the week after next, before deciding what to do.

Both the U.S. credit and equity markets are confused by the signals coming out of the U.S. economy and judging by the recent statements of U.S. officials, particularly at the Fed, there also seems to be big differences of opinion among those people in Washington who are supposed to know what is happening.

This probably means that the Fed will delay any easing until the economic picture becomes clearer. There are widely differing views on the pace of economic growth in the second quarter and next Tuesday's U.S. retail sales and industrial production figures for April should shed some light. The markets are hoping they will show a useful rebound from the surprisingly weak March figures.

Nevertheless, E. F. Hutton argues that the Fed will have to ease to keep growth in the 3 per cent to 4 per cent range and while it remains "highly positive" about the longer term outlook for both the equity and credit markets it argues that a "period of positive performance on the part of the bond market will likely have to precede any broad upward movement in equity prices."

Merrill Lynch is of a similar view. It says in its latest market letter that the market "may have to remain in the narrow trading range of recent months until some new stimulus develops to start more meaningful moves. The 1300 mark on the Dow Jones Industrials remains an upside obstacle but the low 1200s appear to be the limit of downside risk." If the market retreats to these levels Merrill would regard it to be in an "oversold position." It continues to argue that the market is in a consolidation phase.

Smith Barney is less sure. Its market strategists note that the current bull-market is now 32 months old and institutional cash as a percentage of equity assets has been run down from 16 per cent in 1982 to about 6 per cent currently. The firm has been looking back at stock market cycles since World War Two and finds that on average the market, as measured by the S & P 500 has risen 74 per cent every four years or so and declined 27 per cent once every four years or so.

Against this confusing background, U.S. share prices have put in a mixed performance over the past week. The oil stocks, whose strong performance since the beginning of the month has pulled up the overall market, have run into some profit taking.

Atlantic Richfield (Arco), whose decision to undertake a major reduction in the size of its business a few weeks ago, led to a near one-third jump in its share price has continued to be one of the most heavily traded shares on the New York Stock Exchange but its price has eased back by a dollar or so in recent days and by Thursday evening it was trading at $61Z. While the analysts like the way Arco has decided to take money out of its unprofitable downstream operations and scale back its exploration spending, there are some fears that it is sacrificing its long-term potential for short-term gains

Analysts still believe that there is plenty of restructuring left to do in the U.S. oil industry but an increasing number of U.S. oil companies are now deciding to do it themselves rather than wait for an unwelcome takeover approach. While this is good for shareholders over the long term, it does limit the short term potential for substantial share price appreciation since it makes the company's less of a takeover target, especially if, like Arco, they take on a lot of debt speed the restructuring process.

Next Monday sees the possible climax of T. Boone Pickens pursuit of Unocal, the West Coast oil company, but even if Mr Pickens wins the day there are many people on Wall Street who argue that as far as short term takeover speculation goes the fun in the oil sector is about over.

MONDAY	1247.79	+ 0.55
TUESDAY	1252.76	+ 4.97
WEDNESDAY	1249.78	− 2.98
THURSDAY	1260.27	+10.49

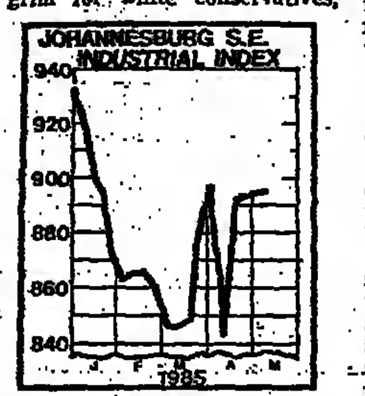
William Hall

JOHANNESBURG

Battered bear could yet put bulls to flight

PITY THE poor old Johannesburg bear. Every time he has left his cave since 1978, all he has received has been a quick trouncing from the thundering herd of bulls. Sentiment has not changed, and yet it is hard not to ignore the fundamentalists' view that the bear's day is fast approaching.

The South African economy is slithering ever deeper into recession, the all-important gold price is flat on its back, corporate profits are haemorrhaging, labour unrest is pandemic, the political outlook is particularly grim for white conservatives, and the foreign scramble for gold shares is over. Nevertheless, only a month ago the market as a whole broke decisively into new high ground, and now seems to be taking new breath before moving ahead again.



Paradoxically, one major reason for the market's strength is fear: fear of inflation and fear among the half-dozen or so institutions and conglomerates which dominate the country's closed economy that if they do not continue to chase after ordinary shares, a competitor will. Stringent exchange controls have made South Africa an investment hot-house, with markets stoked by the intense competition for assets.

Inflation remains South Africa's most refractory economic problem. It is expected widely to hit 18 per cent within the next month or two and, perhaps more importantly, is widely expected to remain considerably higher than rates achieved by the country's major trading partners for several years. As a result, investors are eager for equities which, they believe, will not only protect them directly from inflation but also from its indirect consequence, a persistently weakening rand.

The fact that corporate profits are under considerable pressure, due to the country's worst post-war recession, has largely been ignored by the market. The view is that profits will eventually recover for the very reasons which make controlling inflation an exercise in the impossible. Building apartheid led to free-spending government policies. Dismantling the edifice will involve even greater inflationary spending commitments by a government determined to maintain its political grip; and that spending, so the investment argument goes, must percolate down to the level of corporate profits.

Underpinning Johannesburg's overall performance has been the all-important gold sector. Even though gold's dollar price has been declining more or less steadily for five years, the rand's corresponding slide—by almost two-thirds from its peak against the dollar—has presented the gold mining industry with record revenues. Buying of gold shares in Johannesburg has been matched by demand for South African gold stocks by the large American mutual funds.

The investment strategies of these closely defined institutions could, however, cause a market crack, if one is possible. American investors may not be actively selling their South African gold shares in response to calls of U.S. divestment campaigners, but in recent weeks they clearly have turned their attention more fully to the much smaller Canadian and Australian gold share markets. And if the divestment campaign gathers momentum and becomes harder for American corporations to resist, the purchase of American-owned assets by South African firms could well divert investment funds away from the stock market.

Nonetheless, prising loose the bulls' grip on the market will not be easy, for the very reason that there are few other realistic, inflation-proof options. The gilt market is becoming listless, even though interest rates seem set for a steady two-year decline. Conversely, the property market is unattractive, as interest rates are too high and the recession has cut tenant numbers. And though some foreign companies doubtless will leave South Africa in the fairly near future, the assets they sell will quickly be mopped up by cash-flush insurance companies and investment houses.

The bull is waiting for the next round of privatisation of state-owned industries following the disposal of oil-from-coal processor Sasol and the sale of the state's major stake in Safmarine, the national shipping line; next in line could be steel, electricity and transport. And the sale of state-run industries will have to compete with a coming spate of rights issues for the investment rand. While investors remain barred from investing abroad, everything which comes on offer on the Johannesburg stock market floor will continue to be snapped up.

Jim Jones

MINING

A cigar for Lonrho

"TAKE a cigar, my boy, and if you are not going to smoke it then give it to your father," said the late Maj. Gen. Sir Edward Louis Spears Bt. KBE, (CBE), CB, MC. That was many years ago and I did as I was told.

The handing out of cigars—you did not help yourself—was something of a little ceremony at the annual press conferences of Ashanti Goldfields Corporation which owned the famous Ashanti gold mine in what is now Ghana, certainly one of the world's richest and, possibly, biggest gold mines in those days.

In some parts of the underground workings rich grades of well over 5oz gold per tonne of ore were encountered (overall grades were much lower, of course) which, being equivalent to more than 150 grammes, makes today's talk of high values of 20 grammes in other mines seem pretty small beer.

So even with a fixed gold price of $35 per ounce in those days Sir Edward, as chairman of Ashanti, could well afford to hand round the cigars (they were good ones).

In 1968, Lonrho acquired Ashanti and gave the Ghana Government a 20 per cent stake which was subsequently raised to 55 per cent, leaving Lonrho with the remaining 45 per cent.

Ashanti pressed on and in 1971-72 it milled 794,000 tonnes of ore at an average grade of 21 grammes for a recovery of 553,000 oz gold. There was, and still is, plenty of ore left which is not bad for a mine with a history stretching back to the last century.

In recent years annual production has declined to about 250,000 oz, but encouraged by the success of Ghana's economic recovery programme Lonrho is setting about restoring Ashanti's former glories.

This week, Sir Edward du Cann, the Lonrho chairman, has signed the necessary agreements in Accra for a $160m (£130m) five-year expansion programme for Ashanti backed by loans arranged by the World Bank's International Finance Corporation.

The old mine is to be given a new deep shaft and a major new treatment plant while amenities will be improved for its workers and their families at the town of Obuasi.

At the end of five years it is hoped that Ashanti's annual gold production will have been increased to 400,000 oz, similar to that of St Helena in South Africa. Then it will be Sir Edward du Cann's turn to hand round the cigars.

Meanwhile: "Will gold ever resume its former glory?" ask bullion dealers Samuel Montagu in their latest annual review. Cautiously, they expect a period of consolidation after the long bear market" but the general tendency should be upwards."

They feel "that it is time to take a more positive view of gold" on the assumption that the U.S. dollar has peaked and, with a possible slowing down in the U.S. economy, they think it is likely that inflation will pick up.

Physical demand for gold is reckoned to be sufficient to absorb coming increases in production, while the selling seen in recent years is thought to have run its course.

Now we await the views of Louise du Boulay in Gold 1985, the highly regarded annual survey of the subject which is to be published by Consolidated Gold Fields on May 28.

■ Some words of comfort for shareholders in the Rio Tinto-Zinc group's Australian arm, CRA, have come this week from the latter's chairman, Sir Roderick Carnegie, who is not noted for undue optimism.

He forecasts a "substantial improvement in earnings" for this year following the 59 per cent fall in 1984 when the company lost money in the second half.

Kenneth Marston

·FINANCE & THE FAMILY·

Finance and the female

Young mothers in the taxman's trap

THE TAXMAN has made an unplaasant calculation necessary if a woman is considering an early return to work after the birth of her child, or in fact a return to work at any time before her child reaches school age.

Many women will find that they are unable to earn more from their work, after deducting tax and travel costs, than the amount they have to pay out for someone to look after their child.

In most cases, the immediate cash consequences are not the only factor in a decision about whether to give up child-minding and return to work. Even in hard financial terms, the short-term costs of returning to work early may be justified if they enhance your career prospects.

But the taxman, and in some cases the social security rules, bave imposed a beavy penalty on a return to work. The trap for the young mother can be a greater disincentive to work than the other two better-publicised flaws in the tax and social security system—the unemployment and poverty traps.

If it were not for the taxman, it would make economic sense in nine cases out of ten to go out to work and let your child be looked after in a creche or nursery. But wbereas you have to pay income tax on your work outside the home, in the UK—unlike, for example, France, the Netherlands or West Germany—you cannot deduct childcare expenses from taxable income.

In fact, there is a double tax penalty because your childminders will have to pay income tax, and probably National Insurance contributions, on your fees. But if you stay at home and look after the child yourself, you pay nothing to the Government.

The harshness of the current tax regime was highlighted two weeks ago, when the Inland Revenue announced a concession for working mothers whose employers were providing creche and nursery facilities. The concession was a reversal of a policy adopted last year, after the taxman discovered that such benefits had been provided tax-free to employees for six years or more. Unsuspecting parents found backdated tax bills of between £700 and £2,000 landing on their doorsteps.

Semi-official guides such as the Equal Opportunities Commission manual and the Consumer Association's tax guide, wbose contents are cbecked by the Revenue, had been advising for the last five years that such benefits would be tax-free. Accepting that taxpayers may have been misled by sucb advice, the Revenue announced that all back tax up to April 5 of this year would be waived.

However from the current tax year onwards, the Revenua announced that the full value of the subsidy from employers will be subject to income tax under the fringe benefit rules. A court case in the 1970s involving a freelance woman theatra critic already establisbed that the self-employed cannot claim the costs of childcare as a dednctible expense.

Clive Wolman on the problems that begin after the child is born

But the tax consequences for employees of the more recent Revenue decision are severe, particularly as the popularity of employer-subsidised nurseries has been epreading over the last four years. In one fairly typical nursery, tbe parents are asked to contribute £1,200 per child and the value of the employer subsidy is about £2,000. Thus a basic rate taxpayer will now have to pay another £600 in income tax on the subsidy while a top rate taxpayer will have to pay another £1,200. Pressure groups sucb as the Equal Opportunities Commission and the Workplace Nurseries Campaign have enlisted Members of Parliament from all the major parties to press for amendments to the current Finance Bill which would exempt employer-subsidised nurseries from tax.

But the Government appears to have ruled out any such concession in line with its general opposition to tax-free fringe benefits on the grounds tbat they erode the tax hase and favour higher rate taxpayers more than the poor. Furthermore, the Government argues, if nurseries were exempt from the frioge benefit rules then travel-to-work costs would also have to be. The result would be unfair to employees wbose companies failed to provide any such facilities.

Only three crumbs of comfort for hard-pressed parents can be found in the fringe benefit legislation.

One is that fringe benefits are not taxable for employees earning less than £8,500 a year. Included in earnings for this purpose is the value of the fringe benefits. So in the example of the nursery above, a mother would have to be earning less than £6,500 a year in clean cash terms to escape taxation on the nnrsery subsidy.

In marginal cases, if your earnings and fringe benefits just exceed £8,500, it will probably be worthwhile offering to contribnte a little more towards your child's nursery costs to bring yourself below the threshold. Then your tax savings will be greatar than your extra contributions.

The second advantage of the current regime is that although subsidised nurseries and other fringe benefits are subject to income tax, they do not give rise to additional National Insurance Contributions. These are equivalent to a tax of nearly 20 per cent on additional income, taking employee and employer contributions together. So it is still cheaper for your employer to give you a subsidised nursery place rather than the cash equivalent.

The third possibility permitted by current tax law is for a group of employers to band together and set up an educational charity which could then finance the running of a creche or nursery. Some places at least would have to ba open to the general public. But preference conld be given to the children of employees to allow them to escape any taxation on the value of the benebt. The efficacy of such a scheme, however, depends on its precise legal construction.

Another possibility is to send your child to a community nursery where typically 70 per cent of the costs are met hy charities, local authorities or other state-subsidised bodies. But, like the local authority nurseries, their numbers are few, their waiting lists long and their admission criteria often restrictive.

Nursery fun—but no tax relief

Apart from the more general state assistance given to low income families in the form of Family Income Supplement, the only other state assistance which is tied specifically to childcare expenses is for disabled children. The UK remains light years behind, for example, Sweden where the state provides creches and nurseries for all—and will send a childminder to your home for the day free of charge if your child is too ill to attend.

Only 1 per cent of British working women with children use workplace nurseries, and only another 2 per ceot have their children in local authority or DHSS day centres. Privately run nurseries accommodate a further 1 per cent and 4 per cent hire nannies or au pairs. Childminders account for a further 16 per cent. But the most common arrangements (47 per cent) rely on husbands, part-time work, shift work and prayers that the children won't catch measles.

The other and usually cheaper possibility is to employ a private childminder at a cost of only £30 to £50 per week per child (which may avoid the necessity to make National Insurance Contributions) or a nanny costing £60 to £100. Indeed, the Revenue is known to be concerned about the frequency with which such arrangements are made—and no taxable income declared.

Their recent stance will doubtless encourage the growth of this sector of the black economy.

The high-flyer who singed his wings

When you rely on your investments to supply two-thirds of your retirement income, caution is often the watchword.

Bnt for 54-year-old J. C. Crow from Buckinghamshire, safety-first investments in gilt-edged stocks and building societies did not offer the level of after-tax income that he required.

Crow retired early in 1982, at the age of 51, after a marketing career in the pharmaceutical industry. He had access to around £70,000 of capital from a golden handshake, a pension scheme lump sum, and the proceeds of trading down to a smaller house outside London. His occupational pensioo met about a tbird of the disposable income requirements of himself and his wife, who is not in work.

"I had no intention of working again if such a waste of life could be avoided," Crow says.

Crow began by putting half bis capital into a building society "one month notice" account, spreading the remainder across a range of unit trusts investing in Japan, North America, the UK, aod commodities. A year later, he was so pleased with his investment success that he took all his money out of the building society to buy more unit trusts. This time be chose funds investing in gold, Europe and American technology. He added single premium investment bonds, because they offered tha facility of switching at low cost.

In fact, Crow has never used the switching facility; he has ramained in the Far Eastern and Australian fuods ha first put bis money into.

But it waa not jnst unit trusts and investment bonds that Crow decided were easy to handle. Tbe stockmarket, too, and particularly the Unlisted Securities Market, beckoned. "I began to be aware that stagging new issues were potentially a very quick way of making capital gains," Crow says. "That was at the back end of 1982 when virtually everything floated on the USM waa successful.

A few staggiog operationa on the USM, a couple of successful short-term trades within the Stock Exchange accounting period, and Crow was convinced that playing the market was "an absolute piece of cake, or more likely, I was a true blue shrewdie."

Tbao things atarted to go wrong.

He arranged an overdraft from his bank, backed by his existing share certificates, in order to stag the issue of VG Instruments, which was floated in December 1983. Half the sbares in the issue were left in tbe hands of the underwriters, and Crow received all 6,000 shares he had applied for.

Tbis would have bcen fine if he bad been able to hold on to the shares. VG soon recovered, aod ooly a month after the issue shares were selling for 30p more than the unsuccessful launch price.

But Crow had to sell quickly to pay off the overdraft, and ended np with a loss. "I hurned my fingers on a very good one," he says.

Learning the hard way: James Crow

More setbacks followed. He bought Marks and Spencer shares at 259p each the day before their results were published last year, meaning to sell them within the Stock Exchange account so as to avoid putting up aoy money for them. But he had to hold on to them as the price slid to 214p.

He theo hought shares in Microvitec, Petrogen, and E. T. Sutherland—three USM stocks floated in May 1984—intending to stag the issues for a short-term profit. Two months later he still held them, waiting for a rise in the price—a disaster for the stag who needs to sell immediately.

His gold, Far Eastern and Australian unit trusts fared little hetter.

It was a chastening experience: many of the paper profits accumulated over the previous two years disappeared. "The great tumble brought me up short and made me realise my whole way of life was vuloerable," Crow saya.

He is not yet completely cured. He says that a sbare tip in the Suoday Telegrapb recently persuaded him to buy into Rock Plc, on tha grounds that the shares would be revalued wben the company turned in a profit the next week. Rock came up with the predicted profit, but the market took no notice and left tha share price languishing.

But he has become more cautious; more selective in his stagging of new share issues.

"I've learot a lot of lessons the hard way," Crow saya. "But the most important one was that it was sheer luck that I started my retirement in a strong bull phase."

هكذا من الأرشيف

Taxation

Certificates soften interest rates blow

FROM the beginning of this month, the rate of interest on tax that you owe but have not yet paid rose from 8 to 11 per cent.

Interest on unpaid tax is usually *not* deductible from income for any tax purposes. As the interest must be paid out of taxed income, the effective gross rate of interest is considerably *higher than 11 per cent.*

Interest may accrue on unpaid tax even though it is not yet due for payment, and even though its amount has not been fully ascertained and assessed. Where there is a risk that an interest charge may arise, consider making a payment on account, to minimise any liability. If, however, you are conducting delicate negotiations over your amount of tax liability, you may consider that a specific payment is tactically inappropriate. An alternative may be the purchase of a Certificate of Tax Deposit. Such a certificate can be used to settle most tax liabilities and, meanwhile it earns a rate of return competitive with that offered by the money market.

The rate of interest depends upon the size of the deposit. It varies, frequently. At the time of writing, the rate is 11 per cent for deposits up to £100,000. However, if you cash in the certificate rather than apply it in settlement of a tax, it earns a lower rate, which at present is 8 per cent. Certificates may earn interest for up to six years: the rate is fixed for each certificate when it is purchased and, thereafter, on each anniversary of purchase until used or encashed.

The use of a Certificate to settle a tax liability is not, however, without its pitfalls. When applied in settlement of tax, interest on the Certificate is calculated from the deposit date up to the normal payday for the tax. For example, the normal payday for tax on interest received gross is January 1 in the tax year in which the interest is received. The normal payday for tax on capital gains is, by contrast, December 1, after the end of the tax year in which the gain accrued. Similarly, December 1 after the end of the relevant tax year is also the normal payday for income tax at the higher rates on income received net of basic rate tax; for example, from banks or building societies.

If you have made an appeal, on reasonable grounds, against a tax assessment, you will normally be given six months' grace after the normal payday, when you will be charged no interest on the tax due. For this *reason, you should* delay purchasing a Certificate until that six-month period has expired.

If you have already bought a Certificate, loss of interest for the period after that normal payday may sometimes make it advantageous not to use a *deposit in settlement of a particular* liability but retain it for use against a subsequent liability.

This would *depend* on a number of other factors: for example, the rate of interest you could earn on your money elsewhere. However, the great *advantage of using a Certificate* of Deposit to settle a tax liability is that it prevents any further interest charge arising in respect of that liability after the date on which the Certificate so applied was purchased: any interest charge which has built up prior to that date cannot, however, be eliminated.

If you have *overpaid* tax you may be entitled to a tax-free repayment supplement from the Inland Revenue. The same change in rate applies to the supplement, which is increased from a rate of 8 per cent to 11 per cent. This change in *rate* operates from May 6, 1985, rather than May 1, for income tax and capital gains tax. In all other cases the change takes effect from May 1, 1985 as for interest on overdue tax. The interest on the supplement will not start to run until at least one year after the end of the tax year to which the repayment relates. Thus, an overpayment for the year 1984-85 cannot start to attract any supplement until April 6, 1986 at the earliest, and may be later, depending to which the tax was paid.

(Malcolm Gammie is Director of National Tax Services of KMG Thomson McLintock.)

When ignorance is not bliss

FILLING in an annual tax return can be a painful chore, whether you are self-employed and have to do it *every May or a company* employee who may have to do it *only* once every *three* or *four years. It can* also be costly, especially if it is inaccurately filled in. Too many people, it seems, just enter their income and mortgage details and send it back. *Then they wonder why* an unexpected tax bill arrives on the doormat six months later.

One reason that so many tax returns are incorrectly filled in is that they are incomprehensible. Of course, the return is accompanied by a 12-page booklet of explanatory notes. But the advice given to me by my accountant has always stood me in good stead: "Throw them away; don't read them; they are more complicated than the form itself and the biggest mistake you can *make* in filling out a return is to read them."

His second piece of advice is rather more reassuring: "If in doubt cross it out or write N.A."

That being said, there are a number of things to note about a tax return which, if filled in correctly, can save headaches.

The biggest pitfall — and this applies to Paye tax payers as much as to Schedule D payers — concerns expenses and benefits. Everything must be declared down to the last paper clip. The rules apply to everyone from *the lowliest employee* receiving bus fares to a company director with a corporate credit card, meals allowance, car and share options. It includes Christmas bonuses and profit sharing.

Failure to include every last detail *could* result in prosecution. At the very least it will result in a bill from the Revenue for unpaid tax.

My first response to such a question on this year's return was to wonder how I could be expected to remember exactly how much I claimed in expenses or received in bonuses in the last tax year. All I could *remember* was that my last year's expenses *as a journalist* were *pretty* hefty. I did not fancy being taxed on that lot.

The problem of finding out how much a Paye employee has had in expenses and benefits is easily solved, however. Every year your employer fills in a form P11D on your behalf. This details every payment made to *you* outside your monthly pay cheque.

Why the Revenue doesn't say that in its notes or why employers don't automatically give all their employees a copy of their P11D as soon as it's completed is beyond me.

Once in possession of a P11D the only other thing to remember is that the figure entered for expenses paid should be balanced by the figure entered in the next section on the form under expenses claimed.

However, that is not the end of that particular problem. Some expenses claimed and paid are not allowable against tax. The most notorious of these is, of course, entertaining.

Most people will be all right on this one because the tax man will be disallowing such expenses at employer/company level not employee level. But it's as well to check that before filling your diary with lunch dates.

People who are given a *monthly expenses allowance* are also at risk of falling into the entertainment trap. If your employer gives you an allowance of, say, £100 per month, it is *quite* likely *that* any entertaining done with that will not be allowable by the tax man and you will have to pay tax on it. Again it's as well to check the situation with your employer. People particularly at *risk are sales* reps and others who travel a lot.

Once the expenses minefield has been negotiated, the rest of the tax return is usually plain sailing, if tedious.

All income from savings and *investments must be* declared gross except for interest payments paid by a building society. They should be declared net. If you are a *higher rate tax payer, the* Revenue will work out how much extra you owe them.

It is probably wise to work out—or have your accountant work out—how *much* extra that will be.

If, like me, your only investment until last November was in the building society, do not forget to include any British Telecom shares you bought and sold in the chargeable assets section. *It is unlikely that you will be* liable to Capital Gains Tax on that transaction unless you managed to make more than £5,900 profit.

Finally, a word of comfort. The tax man apparently is not out to secure a *maximum* number of prosecutions. "Errors don't usually result in them coming down on you like a ton of bricks," says my accountant, which is comforting since every tax return I've filed in the past has been awash with errors and *oversights.*

Simon Jones

Expatriates

Home thoughts for those abroad

EXPATRIATES who rent out their UK houses while working abroad may find it difficult, after a recent court case, to take possession of the property again.

The problem will arise if a house owner lets the property to more than one tenant without reoccupying the house in between lets. People who expect to be overseas for a few years—for example, Foreign Office staff and employees of multinationals — often leave their home, in the hands of a property manager, whose responsibility is to replace tenants who move out.

The court *case* featured Rosemary Pocock who last occupied her house near Petersfield in 1967 and, in the intervening years, let it out to a series of tenants. In the tenancy agreement, Mrs Pocock gave notice claiming to be the owner-occupier of the house. She said that possession of the property might be recovered under Case 11 of Schedule 15.

To all intents and purposes, Mrs Pocock had fulfilled the *requirements of Case 11.* Yet when she tried to reclaim her property for the use of her children, the tenant refused to move out and the Court of Appeal—surprisingly—ruled in the tenant's favour.

The *decision* came as a shock to all who thought Case 11 an infallible means of repossession. This form of letting is popular, not just with people who are sent abroad to work, but because repossession of the property *is* guaranteed. However, in Pocock v Steel, the wording of the Rent Act 1977 led the Court to rule that occupation by the owner must immediately precede the tenancy: it cannot simply have taken place at any stage beforehand.

So, although Mrs Pocock's tenant has now agreed to leave, the wording of the Rent Act 1977 poses a problem for people who let to more than one tenant and who do not reoccupy their property in between lets. By inadvertently creating a protected tenancy, they forfeit their rights to repossession under Case 11.

There is no problem in granting the first tenancy. *But, if the* first tenant leaves, an owner faces the choice of either leaving the property empty, vulnerable, perhaps, to vandals and squatters, as well as—possibly—invalidating the insurance cover; or returning to occupy the house before the next tenant moves in.

Someone working overseas cannot easily rush home at the drop of a hat. *It is not clear,* either, how long an owner's re-occupation must *last.* The British Property Federation has advised its members to notify the gas and electricity Boards and British Telecom, so that bills for the re-occupation period are sent to the owner.

Expatriates need to be particularly careful, from the tax point of view, about the number of days they spend in the United Kingdom. Simply by making use of their availabl[e] accommodation in the Unite[d] *Kingdom,* they could lose the[ir] non-resident status.

Members of the Arme[d] Forces need not worry: th[ey] generally come under Case 9 not Case 11. But *for* oth[er] expatriates, there are altern[a]tive forms of tenancy, such [as] shortholds, licences, holid[ay] lettings or company lettings.

But there are *drawbacks* wi[th] each of these. Shortholds ca[n]not be granted for less than [a] year, and London properti[es] must be registered with a re[nt] *officer. This means that* th[e] rent is likely to be below loc[al] market levels.

Once you grant a shorthol[d] you cannot subsequently gra[nt] *a* Case 11 letting on the pr[o]perty. The Labour Party h[as] sworn to reverse shorthol[d] legislation retrospectively and when it returns to power.

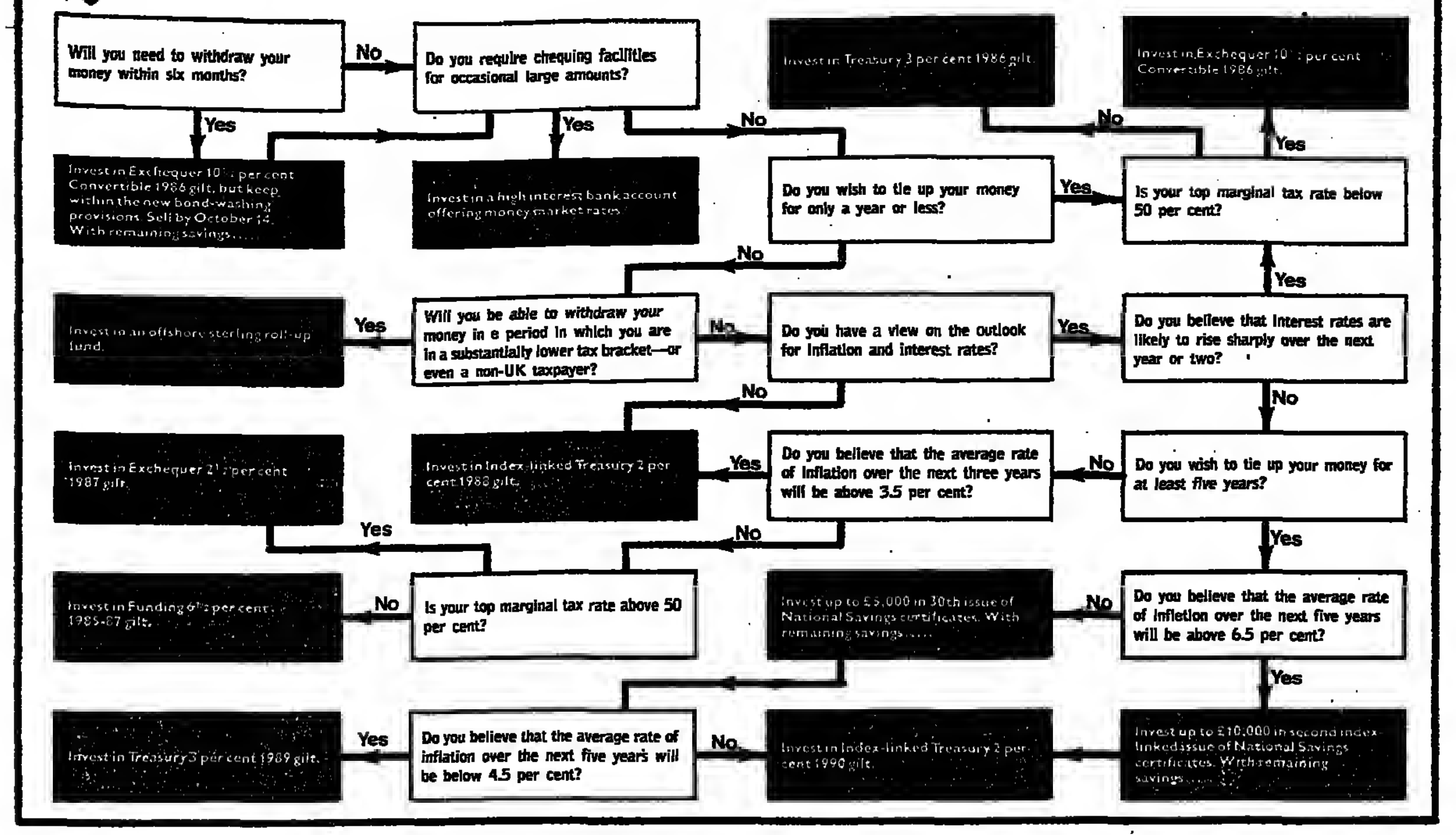
With a company letting, th[e] company does not have securi[ty] of tenure, but is subject to re[nt] registering. Holiday lettin[gs] are not protected by the Re[nt] Act, and licences are a risk[y] alternative.

Where a protected tenan[cy] has been created and the tena[nt] refuses to move, the owner c[an] apply for a possession ord[er] under Case 9. The owner mu[st] prove that the house [is] required for his or her occ[u]pation or by immediate famil[y]. However, unlike Case 11, Ca[se] *9 is* only discretionary.

Sara Web[b]

• FINANCE & THE FAMILY •

FOR HIGHER RATE TAXPAYERS - WHERE TO PUT YOUR SAVINGS NOW



Gilt-edged market offers the highest returns

THE UNPRECEDENTLY high real rates of interest (after adjustment for inflation) that savers have enjoyed since the start of this year now look likely to persist following the upsurge in the money supply figures earlier this week.

The prices of conventional Government "gilt-edged" securities fell in response to the news, boosting their yields and their attractiveness to new investors.

For higher rate taxpayers, whose savings opportunities were last discussed on these pages three months ago, the gilt-edged market thus continues to offer the highest returns despite the Chancellor's crack-down on gilt-edged "bond-washing" at the end of February.

The main effect of the new anti-bond-washing provisions is to rule out the standard six or 18 month "runs," when gilts are sold shortly before the date of their next dividend. This practice converts all, or part, of the income from the stock into tax-free capital gains.

However, before the new rules take full effect next February, some opportunities remain—if you wish to tie up your money only for six months or so. The Finance Bill allows bond-washing to continue on a modest scale this year, if the income you have converted into capital gains is less than 110 per cent of the dividend income received—or if the scale of bond washing is no greater than your practice in previous tax years. You will be permanently exempt from the provisions if the nominal value (at par) of your gilt holdings is less than £5,000.

Because low-coupon gilts offer most of their returns in the form of capital gain rather than income without the need for any bond-washing, higher rate taxpayers generally find them a more attractive investment. However, at present, the Exchequer 10½ per cent Convertible 1986 gilt is offering higher returns, at least to 40 and 45 per cent taxpayers. It has the added attraction that investors have the option to convert it into a gilt with a redemption date as far away as 1999, a right which would become valuable if interest rates fell sharply.

Generally, however, it is not worth investing in longer-dated gilts at present as their yields are below those on shorter-dated stock. This reflects the expectation in the markets that interest rates will not be sustained at their current levels for long.

If you take the opposite view and believe that interest rates may continue to rise, you should keep your money in short-dated instruments or accounts offering floating interest rates in line with the money markets. The offshore roll-up funds are a particularly attractive money market-linked investment if you are intending to become non-resident in the UK for tax purposes in the next few years or expect your marginal tax rate to fall substantially, perhaps because of retirement. You pay no income tax on the interest until you withdraw your money.

For those who take little interest in economic and financial forecasts, index-linked gilts offer the safest haven, and quite possibly the most attractive returns. Their prices do not appear to have risen sufficiently to reflect the worsening inflation over the past few months. Only if you believe that inflation is likely to fall substantially in the near future, should you avoid index-linked gilts as a home for your longer term savings.

The current prospective yield on the 1988 index-linked gilt is higher than on its 1990 counterpart. But at least the 1990 gilt will tide you over a general election and well into the next Parliament, when an inflation hedge may become more valuable.

The rising rate of inflation in recent months has helped rescue from oblivion the granny bonds (index-linked National Savings certificates). In addition to the inflation-proofing plus a tax-free .7 per cent per year interest on certificates held for five years, guaranteed supplements will be paid for the next three years. But they may well be less than the 3 per cent tax-free supplement due this year, particularly if inflation accelerates.

If, however, the 3 per cent supplement continues for the next five years, granny bonds will be more attractive than the 30th issue of the conventional certificates, if inflation averages more than 5.1 per cent between now and 1990.

A detailed explanation of how to invest in gilts appears on page X in the Weekend Report on Personal Financial Planning in this issue. The current interest rates of many of the money market bank accounts and trust funds are published on page 17 of Section One.

We would be grateful if readers would write in to tell us of their experiences in using the decision tree published above and other decision trees published in previous Saturday issues.

Clive Wolman

Stockbroking

The outsiders move in

EVER SINCE the Stock Exchange declared that it was to open its doors to outsiders, banks have been busily buying stakes in stockbrokers or setting up broking operations of their own. But last week saw the first sign that stockbrokers intend to trespass on the territory of the banks, when it was revealed that Phillips & Drew one of the largest City broking firms, has applied to the Bank of England for permission to take deposits.

Stockbrokers, in effect, take deposits anyway. However, a licence from the Bank of England would allow them to invest their clients' money on the money markets rather than place it indirectly via a merchant bank or use it to buy local authority bonds as is the case at the moment.

Phillips & Drew's aim is presumably to offer its clients a more competitive rate of interest than it pays now. Its move provides further evidence that with the prospect of negotiated commissions approaching, the fight for the private client's business is getting fiercer.

Rival brokers have been caught unawares by Phillips & Drew's application.

"It has started the cogs whirring. It hadn't occurred to most of us to take that route," says Paul Killik of Quilter Goodison, which—like P & D—has a large private client department.

Everyone agrees that as a part of the City revolution stockbrokers will offer a wider range of financial services via the banks with whom they have teamed up. Nevertheless, the reasons for this early move into banking services are keeping the City guessing.

It is thought that brokers won't have the muscle in the money markets of the big banks and hence will get less good rates, so that the benefits gained by direct access may be small. Furthermore, as things stand stockbrokers have one dubious advantage over the banks and other deposit takers—they pay interest gross, whereas since April 1 this year banks have had to deduct composite rate tax at source.

There is very little difference between the rates currently offered by the larger London stockbrokers. At the moment they all pay around 11¾ per cent on amounts under £10,000; 12 per cent on between £10,000 and £25,000 and about 12¼ per cent on anything above £25,000.

Non-taxpayers will find those rates are very attractive compared to rates quoted on instruments where tax is deducted at source. However, better returns can be gleaned from National Savings accounts, although at the cost of some restriction in flexibility. Taxpayers, on the other hand, will generally do better to deposit money with banks or building societies.

There is, however, little point approaching an unknown stockbroker with your deposit in hand, as it is not likely to be accepted unless you are already a client. But this is scarcely a handicap. If all you want to do is to make a deposit there are better alternatives. But if you already employ a stockbroker, you may well find their deposit facilities the most convenient way of making use of your money in between investments.

Lucy Kellaway

New products

High gains overseas

M & G is selling a new unit trust offering investors a high level of income from overseas investments. The M & G International Income Fund will aim to produce a yield of 6 per cent gross from a spread of stock markets in North America, Europe and the Far East.

The idea of an income fund investing overseas has not been a practical one until recently because the tax rules governing unit trusts took too large a slice out of dividends from foreign companies.

Franked income — which means, broadly, UK company dividends—is exempt from a second levy of corporation tax when passing through the unit trust, while unfranked income, including foreign dividends, is subject to UK corporation tax. This used to mean a levy of 52 per cent, instead of the basic 30 per cent deduction.

Corporation tax is, however, being progressively reduced. For the current tax year it is 40 per cent, and it will fall next April to 35 per cent.

The tax disadvantage for overseas income funds is thus being cut to manageable proportions, opening up a potential market for funds such as F & C Overseas Income, Montagu U.S. Special Income, and M & G's new trust.

M & G will stick to its usual philosophy for managing income funds: invest in equities only, rather than boosting the income by including high-yielding fixed interest securities which offer no capital growth.

But there is a problem for an international income fund, because many overseas companies, especialy in Japan and Europe, pay little or no dividend. M & G plans to get round this obstacle by investing in convertibles.

The fund will initially invest around 40 per cent of its portfolio in the U.S., with 10 per cent each for Hong Kong and gold shares, 8 per cent for Australia, 7 per cent for Europe and 5 per cent for Japan. It will also put 20 per cent into the UK, unlike the F & C fund.

Units are offered until May 31 at 50p, with a minimum investment of £500. The front end charge is 5 per cent.

George Graham

ANGLIA Building Society is offering two new accounts. Capital Plus pays 10.75 per cent net on sums above £10,000, with 60 days notice. The Three Year High Income Bond pays 10.25 per cent, compounded to 10.51 per cent, on a minimum of £500, with 90 days notice. The rate will stay 2 percentage points above the Anglia's ordinary rate for at least three years.

●

CHESHIRE Building Society is promoting an interest-only mortgage scheme aimed specifically at retired people. The society will lend up to 60 per cent of the value of a home to anyone aged 60 or over, with or without an existing mortgage.

Loans are intended principally for improvements or repairs to the house, but they will also be considered for car purchases, holidays or general capital-raising. The loan is without term, and will generally be repaid on death.

The interest rate is at the same rate as charged for endowment mortgages: 14.25 per cent for loans up to £15,000, 14.5 per cent for £15-30,000, and 15.0 per cent for anything above that.

WEEKEND FT REPORT

PERSONAL FINANCIAL PLANNING 1

The high level of real interest rates has increased consumer awareness of personal financial planning, by emphasising the benefits of seeking out the cheapest form of borrowing and the savings media with the highest return.

Tide swings back in favour of savers

BY CLIVE WOLMAN, PERSONAL FINANCE CORRESPONDENT

SAVERS HAVE never had it so good, nor borrowers so had. Over the last year, real interest rates (after adjustment for inflation) have been at the highest levels for 30 years, and on some measures, 100 years. Since last summer, the banks' base rates have remained between 5 and 9 per cent ahead of inflation.

After a decade of high inflation and negative real interest rates up to 1980, the tide has now swung strongly back in favour of, in particular, the section of the population in their fifties and sixties who have accumulated large savings for their retirement.

The largest group of victims of the high real borrowing costs are probably young families with children who *have* taken out large mortgages on their homes. The true cost of their debt has not necessarily become *fully* apparent yet because at least nominal interest rates are lower than their levels in the high inflationary period of five years ago.

It may take several years before today's generation of mortgagors realises that it is not going to benefit from the rapidly lightening burden of debt in comparison to its general cost of living which was enjoyed by its predecessors in the inflationary seventies.

Nevertheless, the high levels of real interest rates have increased consumer awareness in personal financial planning by emphasising the benefits of seeking out the cheapest form of borrowing and the savings media with the highest *returns*.

This factor has been partly responsible for the upsurge in the competitiveness of retail financial service institutions over the past year, although the tougher competition is also the consequence of government-led

Part One: Part two will appear next Saturday and will cover tax shelters, insurance, pensions, capital gains tax and working abroad

reforms in the tax and pensions system, in investor protection and in the structure of the City of London.

The increased consumer sensitivity to interest rates was highlighted last August and September after the launch of the 28th issue of *National* Savings certificates. The interest *rate* on offer was pitched at an attractive 9 per cent tax-free to *make up for the ground the* Department of National Savings had lost in the *previous four* months.

Within a few days of the launch, the cash situation of the building societies, the main competitors of National Savings, was transformed from feast to famine. The building societies, large and small, responded with a series of leap-frogging interest rate increases, the first full-blooded battle between societies since the official break-up of *their* interest rate cartel a year earlier.

The 28th issue in the *five* weeks of its existence attracted a record £908m, well over *half* the new money attracted by all National Savings products together during the financial year, 1984-85.

The impact of the nimble-footed *saver* who is *prepared* to shift his money around in response to single percentage point differentials has been demonstrated again over the period of extreme interest rate volatility in the *first four* months of this year. The difficulties faced by the building societies in responding swiftly to changes in wholesale money market interest rates led once more to a large fall-off in their inflow of funds.

The clearing banks too have been forced to introduce higher interest deposit and cheque accounts at rates close to those of the money markets partly as a reaction to the introduction of composite rate tax on their accounts last month. This made their quoted rates directly comparable with those of the building societies.

But competitive pressures on the banks to give their small depositors a better deal were pushing in the same direction even before the change was announced in the 1984 Budget.

The banks have also responded by upgrading their services. The re-introduction of Saturday banking by all four high street clearing banks after the lead of Barclays is one indication. The removal of bank charges on current *accounts which do not go into* overdraft — by Midland and *some* of the smaller banks—is another.

The market for loans to individual customers however, remains a *relatively* easy touch, which is reflected in the high interest rates on personal loans, credit cards and second mortgages. The accounts of the clearing banks suggest that such loans are probably their most profitable major activity.

However, the likely entry of the building societies into the consumer credit market, in line with the recommendations of last year's Green Paper, should *inject* more competition. The mortgage market, *formerly* controlled by the building societies' cartel, has already been shaken up by the entry of the UK banks four years ago and *of foreign* banks last year.

Higher differential interest rates on larger loans and on endowment mortgages, which were difficult to justify in commercial terms, have narrowed and, in some cases, disappeared.

The large discrepancies in mortgage interest rates have now made switching lenders a *profitable* option for *many* home owners.

In the market for longer-term and more equity-oriented savings and investment plans, the increased competition has arisen mainly as a result of government actioo.

After the 1984 Budget, the most important changes were expected to arise from the abolition of life assurance premium relief. Previously, the tax advantages of long-term savings schemes covered with a *fig leaf of life* assurance were always one of their strongest *selling* points. Since last March unit trust savings schemes have had a *fiscal advantage* over life assurance maximum investment plans for all except bigber rate taxpayers.

But selling — and buying — habits have been slow to change. The sales of investment-orientated life assurance plans have fallen off, but not drastically so. Unit trusts have done little so far to promote their own savings plans, although a few groups have launched new plans *since the maximum com*mission payable to brokers and salesmen was *raised* at the end of last year. But the average *commissions* and charges of unit trust plan are still well below those of investment-orientated life policies.

There *is* little doubt *that such* is the momentum and commission-driven *energy* of *life* assur

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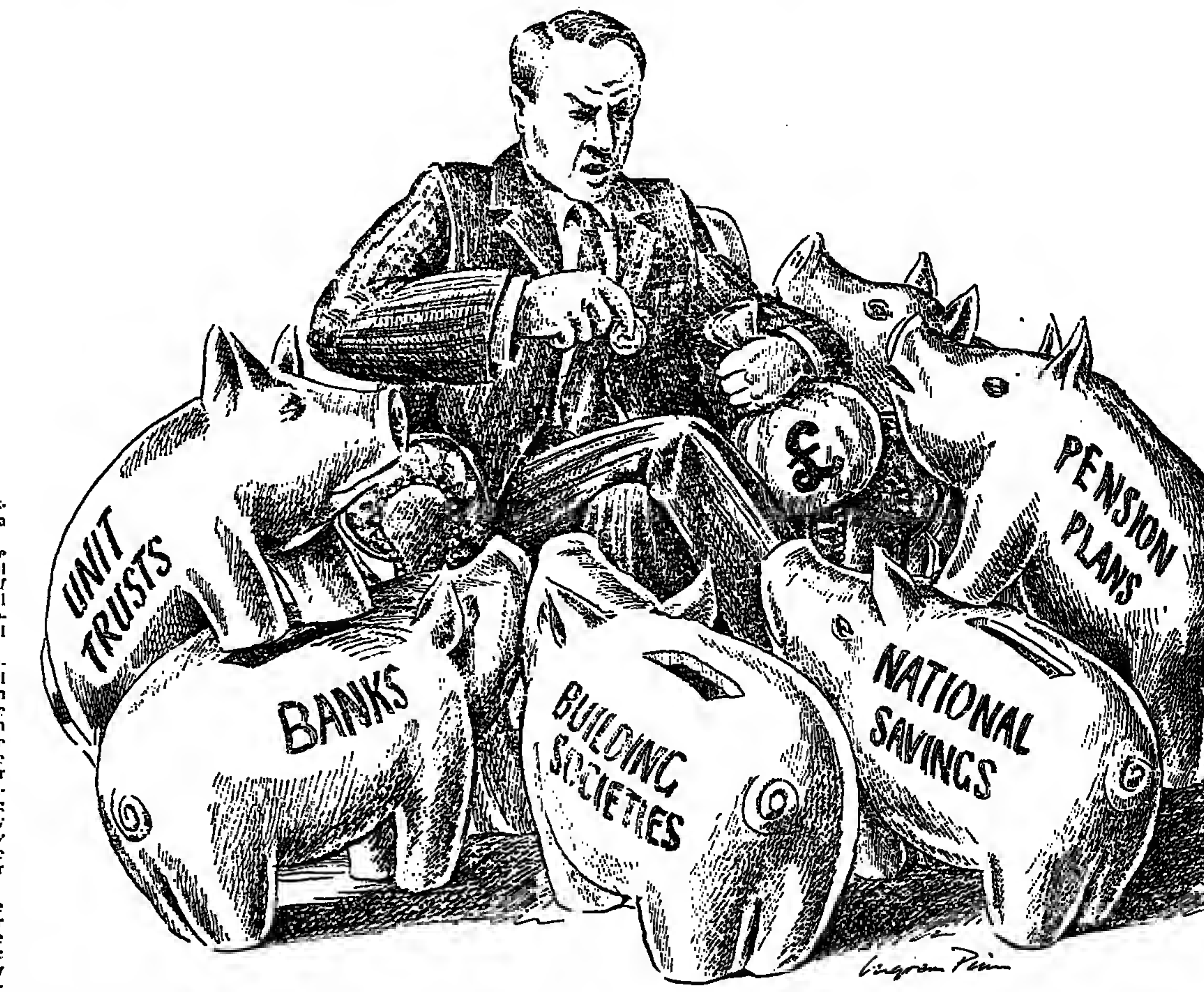


PERSONAL FINANCIAL PLANNING 2

Obtain the right advice at all costs

THE WRONG choice of investments can cost you hundreds of pounds so it is essential to pick the right person to advise you on those investments, otherwise it can end up costing you thousands in missed opportunities.

How do you set about choosing a financial adviser who will manage your investments effectively and not end up costing you an arm and a leg?

The first stage is to decide what kind of service you actually need. You may require only a one-off assessment of your investments and a restructuring of your portfolio. You may want continuing but only occasional advice or you may need full management of your investments on a discretionary basis.

Few investment advisers will be ideally suited to all three of these requirements.

Second, be aware of what you are paying for the services of your investment advisers. The costs come in three main forms: fees charged on the basis of how much time the adviser spends on your case; fees based on the size of your portfolio; and commission taken from the transactions he carries out on your behalf.

You will not get something for nothing. Most people are aware that if an insurance broker says his advice is free, he is in fact receiving commission from the insurance company whose product he sells. But you may not be better off trying to reduce this commission.

It is quite common now to ask an insurance broker to split his commission with you. But you should also be concerned about what sort of service you will get from someone who says yes. If he agrees to halve his commission, will he not also halve the time and effort he puts into it?

In the end you may be best off with a balance of commission and fees. If your adviser charges very high commission he could have an incentive to "churn" your portfolio by constantly buying and selling but if he charges a high flat fee then he might have little incentive to do anything at all.

There is a tendency to regard commission as a surreptitious way of charging but you will not necessarily be any worse off under this system than under any other. Be aware of what you are paying and ask your adviser what commission he is getting.

Financial advice is a sector that is now attracting a great many companies from a great many backgrounds. Before choosing one, ask what their training, their experience and their professional qualifications are. These are some of the main professions that are now offering their services as financial advisers.

● Banks. Bank managers themselves may know a lot about the state of your personal finances but they will not necessarily know about investments. Many banks, such as NatWest, forbid bank managers to offer specific investment advice.

Banks do have their own trust divisions that specialise in investment advice. They usually charge a fee of around 75p a year per £100 in your portfolio.

For smaller investors—certainly those with less than £25,000 and, in some cases, those with under £100,000—the High Street banks will refer you to their own unit trust services although they may include fixed-interest investments, such as gilts, in the portfolio they construct for you.

Banks are the first choice for investors who are worried about the security of their advisers. They are strictly regulated by the Band of England.

● Stockbrokers. You would obviously think of a stockbroker to advise you on direct investment in the stock market. But many firms have developed a much wider expertise.

Several City firms now employ accountants and insurance brokers, and will provide a full financial planning service.

Commission of Stock Exchange purchases and sales remains the mainstay of a stockbroker's commission. The minimum rates of commission can mean that small deals—below about £1,500—are uneconomical both for the broker and for you.

Brokers are increasingly moving towards full discretionary management for their private clients, because it is simpler for them to run your portfolio if they do not have to telephone each time they want to buy or sell a share. Several firms will not take on clients with less than £50,000 or even £100,000.

Choosing an investment manager

But many country partnerships will accept much smaller portfolios, and as the Stock Exchange itself changes radically in structure over the next two years, it may be in these firms that private clients will find their niche.

Stockbroking firms are controlled by the Stock Exchange, which operates a compensation fund for clients of firms that go under. However, payments from this fund can be unpredictable.

● Insurance brokers. Increasing numbers of insurance brokers are moving into the field of financial advice, particularly now that changes in the tax structure have made many insurance products whose main purpose was investment less efficient than their rivals.

Payment is almost exclusively by commission, though some firms now charge a fee for portfolio management—either a percentage of the value or a flat charge. This is particularly common for unit trust advisory services.

To call yourself an insurance broker must by law be registered and keep separate client accounts; and you must have professional indemnity insurance of at least £250,000. The British Insurance Brokers' Association (Biba) has further requirements.

But advisers using titles such as insurance consultants may not be registered at all.

Most insurance firms that take their financial advice operations seriously will be Licensed Dealers or members of the National Association of Security Dealers and Investment Managers in addition to being registered insurance brokers.

● Independent financial advisers. Many firms began in the insurance broking field, and specialise in unit trust selection. They receive commission when they buy trusts on your behalf, though some will also charge an annual management based on the size of your portfolio.

The performance of these advisers in managing portfolios can vary widely. But the monitoring of their unit trust selections carried out by magazines such as Planned Savings can be misleading, as no measurement of the risk factor is included.

A number of unit trust advisory services are themselves part of unit trust management groups. But several of these will undertake not to place more than a certain proportion of your investments with their own parent.

You should look for Licensed Dealers — regulated by the Department of Trade and Industry—or members of Nasdim, a newly formed self-regulating authority which enforces various accounting and indemnity insurance requirements and plans soon to introduce a compensation fund.

● Accountants. Most accountants limit themselves to tax planning, though they will often recommend you to a stockbroker or insurance broker they deal with.

Some firms, however, have moved into the personal financial planning market more wholeheartedly, and will even recommend specific investments.

Fees are charged on the basis of the time it takes the accountant to deal with your financial requirements—and on the seniority of the accountant who handles your case. It is likely to cost £25-£30 an hour.

The Institute of Chartered Accountants requires its members to disclose any commission they may receive on investments or insurance they handle for you. Many firms will offset this commission against the fees they charge you.

● Solicitors. A solicitor specialising in tax law may be even better than an accountant for tax planning. But most lawyers will steer clear of giving investment advice.

They can be invaluable in drawing up a will so as to avoid capital transfer tax, but are less likely to be able to advise on which insurance contract to choose, although they do earn commission on these.

Fees are charged on the time involved, though for certain standard tasks such as drawing up a will solicitors may quote a fixed price.

You can get names of professionals working in your area from these organisations:

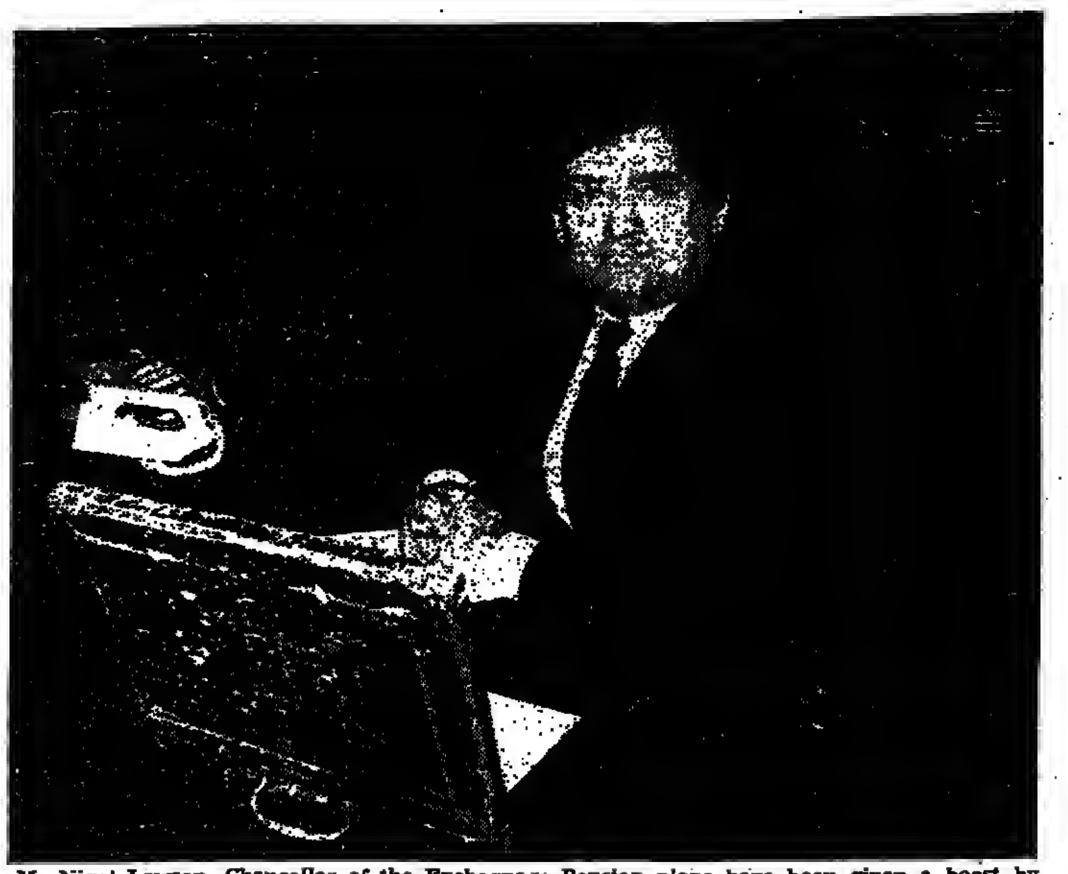
The Stock Exchange, London EC2.

British Insurance Brokers Association, 14 Bevis Marks, London EC3.

National Association of Security Dealers and Investment Managers, 28 Lovat Lane, London EC3.

Institute of Chartered Accountants, Moorgate Place, London EC2.

George Graham



Mr Nigel Lawson, Chancellor of the Exchequer: Pension plans have been given a boost by his Budget announcement that he was lifting the threat to their tax privileges, at least for the duration of this Parliament

Tide turns in favour of savers

CONTINUED FROM PAGE 1

ance selling that many small savers have been sold policies that were demonstrably unsuitable for them—and on a scale much greater than in the past.

The realisation that post-Budget 1984 life assurance is no longer an attractive deal will gradually filter down to a wider public. But because of the length to maturity of life policies and the ingenuity of the industry in disguising its charges and commissions—the "capital units" on unit-linked policies has been the most recent innovation—the process is likely to take several years.

An alternative solution is to impose stricter standards of investor protection. Unease over selling practices came to the surface last year when two of the life assurance industry's leading actuaries, Mr Stuart Lyons of Legal & General and Mr Hugh Scurfield of the Norwich Union, made unprecendented attacks on salesmen's over-optimistic projections of the likely returns from life policies.

At the institutional level, the Marketing of Investment Board now being set up following the publication in January of the Government's White Paper on the subject represents a move in the same direction. The proposals for reform provide for a powerful deterrent for life companies to pay no more than standard commissions to brokers who sell their products, namely the requirement that otherwise clients must be told precisely how much commission their broker is earning.

The establishment this month of fully-fledged unit trust operations by three of the largest life assurance companies, the Prudential Assurance, Norwich Union and Sun Life, may signal a growing realisation in the industry that the game will soon be up for the mass-marketing of investment plans dressed up as life assurance.

The declining attractions of life assurance and another set of government initiatives, to encourage personalised pension plans, has over the last year produced a flurry of launches of pension plans designed for sale to the individual with inadequate pension arrangements.

Such schemes have now been given a further boost by the Chancellor's Budget announcement that he was lifting the threat to withdraw the tax privileges of pension plans, at least for the duration of the present Parliament.

But the marketing of such schemes, which are inevitably highly complex and usually involve large sums of money, adds further to the problems of providing investor protection. In fact, it raises the most fundamental issue: whether the payment of commissions to those who hold themselves out to be independent and impartial investment advisers and brokers is justifiable on grounds other than being a well-entrenched custom and practice.

A better return as competition increases

FOR YEARS, anyone who left their savings in a bank had to be either ultra-cautious, or not very sharp-nosed. Banks paid moagre interest on deposits, and none at all on current accounts. Their branches often seemed to be closed when you most needed them.

All that is changing. Pressed by competition from other institutions like building societies, unit trusts and even insurance companies, banks have begun to fight back by offering better rates of return, even on accounts on which cheques can be drawn. Today, leaving your mooey in a bank is an option for the saver, albeit the conservative one, and banks are making an effort to reach out to their customers.

Over the last two or three years, all the leading banks have introduced so-called "high interest" accounts where savers can get rates close to those available in the money markets. Recently these have been paying the gross equivalent of 11-13 per cent.

The rates paid by banks tend to be similar: the choice is usually dictated by the conditions they attach. High initial deposits are often required (£2,500 is typical) and most banks offer better rates for bigger balances.

Cheque-writing, transfers between accounts, withdrawals through cash machines, and free banking services: these are all features that customers can now expect from a high interest

Banking services

account. The catch is that they must usually leave high balances, and risk receiving low interest or none at all if deposits fall below a certain figure. Some banks also insist on a minimum transaction size, say, £250.

These accounts have clearly been a great success, judging by the hundreds of millions of pounds the banks claim to have attracted, though a lot of this mooey was simply transferred from other low-yielding accounts at the same banks as customers "traded up."

Lloyds Bank, which prides itself on being a little more "up-market" than its rivals, has gone one stage further and introduced an asset management account which combines a current account with savings and investment. For a quarterly fee of £25, plus various transaction charges, customers get an investment and broking service with "sweep" arrangements which automatically transfer sorplus funds betweeo the current and investment accounts. But the customer must place £25,000 in cash and/or marketable securities.

The extension of the building societies' composite rate tax (CRT) system to the banks this April has also made it easier for savers to compare the rates being offered by the banks and societies. The banks were angered by this change because it obliges them to pay interest after deducting tax, which cuts them out of the non-taxpayer market.

They have made the most of the fact that the quirks of CRT mean that tax is deducted at 25.25 per cent rather than the basic rate of 30 per cent, giving a 4.75 per cent benefit to the tax-paying saver.

Savers wanting to avoid CRT can quite legally ask their banks to open an account at their Channel Islands branches which are exempt—and many have. However, the banks have not plugged this service very hard because it runs counter to the spirit of tax policy.

Paying higher interest is part of the banks' long-term goal of realistic pricing, both in terms of yield and bank charges. So high interest accounts have been accompanied by higher bank charges, though most of the English clearers do not levy charges on accounts where a minimum balance—for example of £100—is maintained over the charge period.

The big exception is Midland Bank which—like the Scottish banks—opted last year to levy no charges tax on all accounts in credit. This striking departure has, Midland claims, won it a lot of new business. Certainly, for people who have very active current accounts and keep low balances, it is a bargain.

There are doubts, however, amoog the other banks as to whether Midland can be making much of a profit, and they are reluctant to follow suit. At the moment it seems uolikely that "free banking" will become widespread south of the border, although Midland's move will probably delay the other banks' next increase in charges, and it has prompted some banks to offer free banking to specific groups of customers, like retired people.

All the banks have, however, followed the lead set by Barclays two years ago to reopen branches on Saturday. This spring, Midland, Lloyds and NatWest are each opening several hundred branches in busy shopping centres for a few hours on Saturday morning and—in Lloyds' case—the afternoon. (In Scotland, where trading laws are differeot, the Trustee Savings Bank has even opened a branch on Sunday.)

Saturday "opening" is a bit of an anomaly because banks are not providiog a full counter service. Most of them are not opening their safes or even manning their counters. Staff are only available for non-cash transactions like loan applications and advice. Withdrawals and deposits must be made through machines.

Whether this really amouots to an improvement in service is open to doubt but it is a sign of the banks' growing customer awareness.

New technology may be replacing personol service with machines, but it is producing greater cooveoience as well. Apart from the automatic tellers which are now familiar sights in UK high streets, banks are linking up with banks abroad to enable their customers to withdraw money from continental branches.

All the major clearers now offer the Eurocheque card which activates foreign cash machines, as well as Eurocheques which can be written in most major currencies.

An intriguing development is the introduction of home booking through a terminal which plugs into your telephone and TV set. Pioneered two years ago by the Nottingham Building Society, the service has now been takeo up by the Bank of Scotland.

For an outlay of £95 for the termioal and £2.50 a month, Bank of Scotland customers can call up details of their accounts at home, authorise payments for regular bills like utilities, and communicate with the bank about routine matters such as standing orders and new cheque books.

But it is too early to say whether home banking is the wave of the future or just a thrill for technology buffs. Some people who have opted for the service describe it as a boon, others fiod it expensive and disappointingly laborious. It is a sign, however, of the kind of changes banks are willing to try out to gain a competitive edge over their rivals.

David Lascelles

Lombard Street office of Barclays Bank, pace-setter in re-opening high street branches on Saturdays

The advantages of tight discipline

SAVING A regular sum each month is not just good discipline; it makes financial sense, too. In months when the price of your investment — be it unit trusts, shares, gold or whatever — is low, you buy more of it.

You can do it with an insurance policy, with a unit trust regular savings scheme, and now even with an investment trust.

Two years ago, an investor planning to save regularly would have been drawn to a life assurance savings plan. The prospect of tax relief on his monthly premiums would have made a with-profits endowment policy or a unit-linked maximum investment plan irresistible in comparison to similar schemes which did not qualify for the 15 per cent subsidy provided by Life Assurance Premium Relief.

No more, for the abolition of LAPR in the 1984 Budget — advertised as a blow for fiscal neutrality in the treatment of investment products — has put these savings plans at a tax disadvantage to their main rivals, the unit trusts.

As far as tax efficiency goes, the great majority of savers are now better off with a unit trust regular savings plan than they would be with an insurance-linked product.

The reason for this inequality lies in the tax treatment of the funds which underpin your regular investment. While both unit trusts and insurance funds are subject to tax on income that they receive from their investments, they are treated differently for the purposes of capital gains tax.

A unit trust pays no capital gains tax itself, though the investor is liable when he withdraws his investment. An insurance fund, on the other hand, pays CGT internally but leaves the investor with no tax liability on withdrawal.

An investor may, however, take up to £5,900 a year of gains without having to pay any CGT — and this figure rises each year in line with inflation. So the right to cash in your investment in an insurance-linked plan free of tax is of no practical advantage except to those whose capital gains amount to more than £5,900 a year.

The insurance plan is likely to produce a lower investment return, both because it is paying CGT internally on its gains, and because the initial charges it will deduct from your monthly payments are much stiffer than those on a unit trust.

A sum of £20 a month invested in a typical unit trust regular savings plan begun 10 years ago might today be worth a total of £6,500. But a unit-linked life assurance policy invested in exactly the same underlying fund would (without LAPR) be worth only £5,600 because of its higher charges.

The CGT it would have to pay on its internal investment gains would further reduce the value to around £5,300. The better the investment performance, the greater would be the proportionate loss to the investor from using the insurance route.

For a higher rate taxpayer who uses up his annual capital gains tax exemption, however, the insurance-linked policy would pay off, because it would be free of all taxes when finally cashed in. But you should be sure that you will want to continue the savings plan. If you change your mind in less than seven and a half years you will be liable to income tax at your highest rate, rather than to CGT at 30 per cent.

Over the course of 10 years much can change in the world of investment, and the advantage to unit trusts could be eroded if you change your mind about which sector you want to invest in. In a unit-linked savings plan you will normally be allowed to make one switch a year free of charge, and further switches usually cost only £15 or £20.

With unit trusts each fund is quite separate, so you will have to pay a 5 per cent initial

Long-term regular savings

charge each time you switch, although some groups offer a discount of 2 to 3 per cent on switches.

Don't fool yourself about this benefit. Free switching is a big marketing point, but practical experience suggests that few investors ever make use of the facility; some estimates are as low as 1 per cent.

Ask yourself realistically whether you will in fact be shifting from the Hong Kong fund to the Property fund, or will just stay in the managed fund for 10 years. Choosing an insurance-linked plan on the grounds that switches are free could prove a costly piece of self-delusion.

The problem with both unit trusts and unit-linked insurance policies is that you cannot be at all sure what the value of your investment will be in, say, 10 years' time. So if you are saving for a specific expense in the future, such as school fees, you may be better off putting your mooey into a with-profits endowment policy, where the fluctuations in investment returns are smoothed out over the years, giving a more consistent performance.

Over 10, 15 or 20 years, the average unit-linked plan has outperformed the average with-profits policy, a recent survey in Planned Savings magazine showed. But the consistency of the best with-profits companies, such as Scottish Amicable, Standard Life or Norwich Union, compares favourably with the more variable performance of unit-linked groups.

Apart from tax efficiency, unit trust regular savings plans have the advantage of flexibility. While some management groups have schemes which insist on the same investment each month, others have the simplicity of a building society passbook. Your payment can be a regular monthly sum, or you may just add as much as you want at irregular intervals.

But not all unit trust schemes offer such good value. The Department of Trade and Industry has recently approved regulations which will allow unit trust groups to pay more commission to salesmen on their regular savings plans—and, as a result, to levy a much greater initial charge on your investment.

The reasoning is that most people have to be actively persuaded to start saving, and a plan is sold by the salesman rather than bought by the consumer. It is therefore only fair to pay the salesman adequately for his time and trouble.

This may be true, but there is no reason why the informed investor should pay the steeper front-end charge. As yet very few unit trust groups have taken advantage of the rules by introducing schemes in the new style. But the arrival into the unit trust industry of insurance groups with large sales forces, such as the Prudential, could change that.

If you particularly want to invest with a group that does operate the new, higher charging structure, you can use your money much more effectively by putting a monthly sum aside in a building society account until you have accumulated enough to meet the minimum requirement for a lump sum investment in the unit trust of your choice. You will then pay only the standard 5 per cent initial charge instead of kissing goodbye to your first three months' of payments.

Whichever investment route you choose, however, pick your investment manager carefully. Over the long term, poor investment performance can end up outweighing cost and tax advantages.

George Graham

Mr Norman Tebbit, Secretary of State for Trade and Industry. His Department has recently approved regulations which will allow unit trust groups to pay more commission to salesmen of regular savings plans

A way of cutting the cost of borrowing

IF YOUR cash flow crisis has long passed the temporary stage and is beginning to look something like a permanent fixture, you could consider using your mortgage as a means of borrowing money for purposes other than buying property.

Mortgage payments tend to be the largest single outlay from your monthly pay-cheque, and the thought of increasing them still further may be daunting. But with most mortgage rates at 14 per cent or under at the time of writing, the real costs of mortgages are far lower than other sources of credit.

On a mortgage of up to £30,000, which is taken out when moving house or making a home improvement, you will be granted tax relief. As a basic-rate taxpayer, a 14 per cent mortgage actually costs you 9.8 per cent after tax relief. A 50 per cent rate taxpayer would pay just seven per cent after tax relief at source on a £30,000 mortgage.

The real interest rates charged on mortgages are particularly low if you take into account the appreciation in house prices, which may be considerable if you buy in and around London, for example.

It would be easiest to borrow more money than you actually need at a time when you are in the process of moving house. You could alternatively get an "advance" on your existing mortgage. But although building societies admit that it is very difficult to keep track of how you use your money that may have been approved for "home improvement," some are stricter than others.

The Woolwich and Abbey National are just two of the societies that stress they would like to see borrowers put a substantially large amount of equity into a new property. If you sell your home and buy a new one, retaining your mortgage with them, you could find it difficult to keep your capital away from their scrutiny.

Mortgages and consumer credit

One of the major building societies which is unusually open about the possibility of extra borrowings is the Halifax. In the case of a large mortgage the Halifax stresses that it would insist repairs and improvements were carried out as a condition of the mortgage. With a loan for less than say 60 per cent of the house value—"we would like to know that work would eventually be done but we would take a sensible view on tha whole," says the Halifax.

If you want to approach a building society for extra credit, make certain you do your homework first. There are large variations in rates for the same mortgage offered by different societies.

The key to obtaining more cash from your mortgage could ultimately rest upon your relationship with your branch manager, as most of the societies stress that decisions on advances are left to his/her discretion.

If you fail to convince your building society or bank of your need for more money as a mortgage loan, or the process is too long and complicated for your taste—and it could be more expensive if legal costs are involved—you will need to consider other forms of credit.

Negotiated overdrafts remain a relatively cheap form of credit, and the major clearing banks offer a similar range of overdraft charges with interest at several points above base rate.

Your charges are likely to reflect your record as a bank customer, but interest varies from 3-5 per cent above base. Lloyds is the exception among the four major clearing banks in that its overdraft can go up to 7 per cent above base. Base rates at 12 per cent could involve overdraft charges anywhere between 14-17 per cent with the clearers.

The advantage of an overdraft is that it can be rolled over, and is comparatively easy to negotiate, providing you have not been a nuisance in the past. Again, being on good terms with your bank manager helps.

A steady job and good prospects are also undeniably important in negotiating an overdraft. Essentially, however, it constitutes unsecured lending and banks are likely to become restive if your overdraft looks in danger of becoming "institutionalised."

Whereas you can use an overdraft as a "safety net," dipping into it as you feel the need, a personal loan involves borrowing an exact sum with a commitment to repay within a set period.

Once a loan is negotiated, its rate of interest cannot change. The true rate of interest you will be paying on an annual basis is the Annual Percentage Rate (APR). Banks will try to guide you gently—or not so gently, as the case may be—towards a personal loan if your overdraft drags on and on, but such loans are clearly more expensive, even if you take into account overdraft administration charges.

Rates of interest on secured personal loans are slightly lower than those on unsecured borrowing, and the rate goes down if the repayment period is longer. The APR on personal loans has in recent months been at least 21 per cent.

If you do not want to go through the process of applying for a personal loan, you could consider an overdraft that has not been negotiated in advance, but this is not recommended.

A "non-agreed" overdraft could incur the wrath of your bank manager and make future borrowing difficult.

One clearing bank suggests that typically a "non-agreed" overdraft would mean that you would be charged interest on your overdrawn account at 7 or 8 per cent above base rate.

Banks are still likely to charge less for a "non-agreed" overdraft than it would cost for you to take out several hundred pounds on your Access or Barclaycard. These cards are not a good idea for cash advances as interest payable is high and is charged from the moment you take out the money.

The APR on cash advances on Barclaycard has reached 27.2 per cent this year, with Access just behind, at 26.8 per cent. The rate charged on Access accounts varies slightly from bank to bank, and this year the rate charged by Williams & Glyn's has, at 30.6 per cent, been higher than that charged by other banks participating in the scheme.

You may thus pay a different rate depending on where you hold your account, but any anomalies are unlikely to persist for too long.

"Plastic friends" do have the advantage of being convenient and easy to obtain. Your credit limit can vary from a few hundred to over £1,000, and may be revised upward or downward at any time depending on your record as a customer.

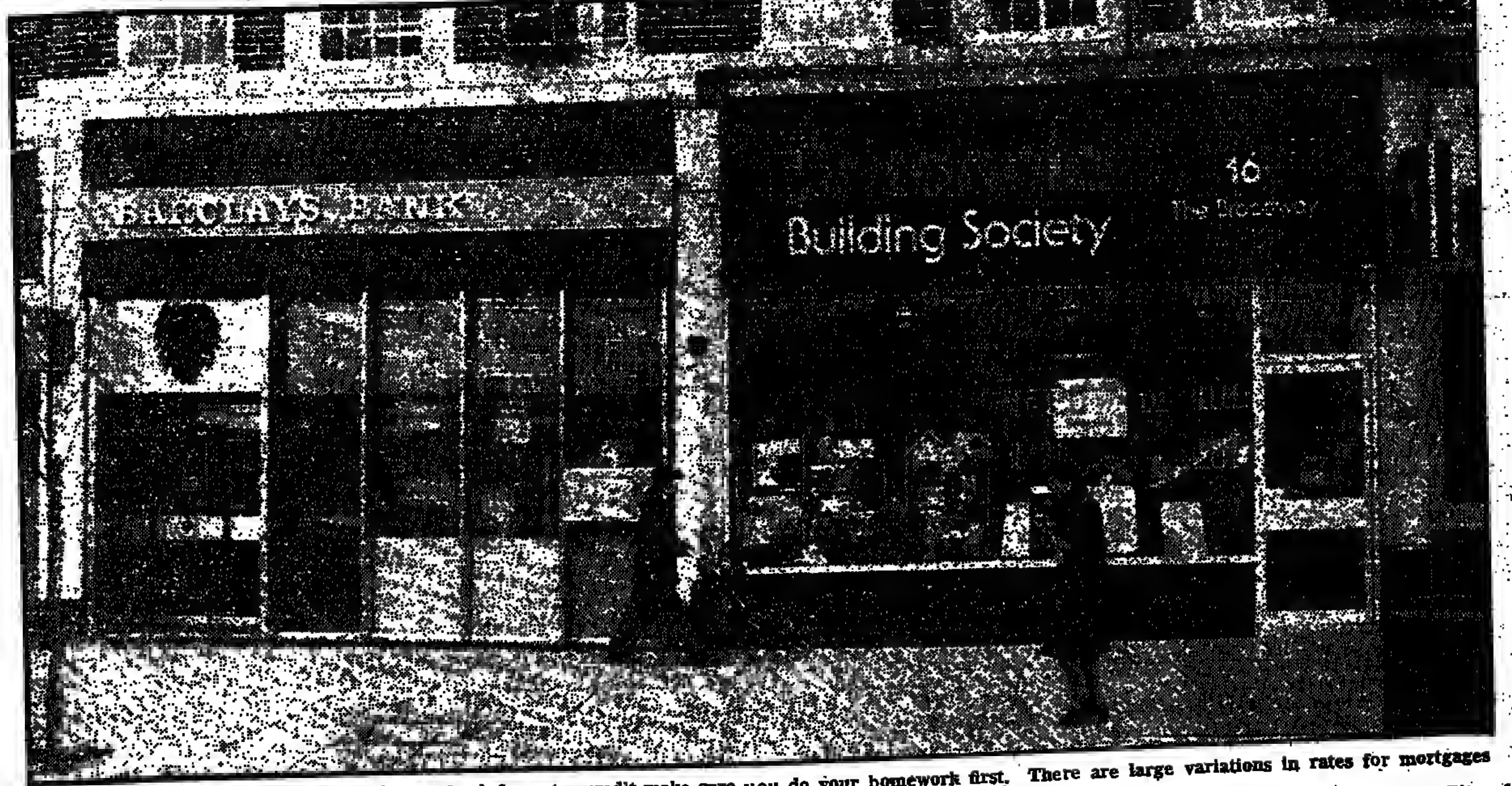
Used carefully, they can provide you with as much as 56 days of interest-free credit on purchases. The best way of using your credit card is to clear the balance each month, allowing no interest charges.

This is particularly true if you hold individual department store credit cards, which tend to charge high interest rates. Selfridges, for example, hiked the APR on its charge card to 30.6 per cent.

The most economic use you can make of a "plastic friend" is to obtain a so-called "gold" card and utilise its overdraft facility. The American Express Gold Card provides an immediate overdraft facility of £7,500 at an interest rate of 2½ per cent above the base rate of your selected bank.

The Barclaycard Premier card offers a similar facility, as does the Midland Gold card. There are both joining and annual charges however, and you have to be abla to afford the cards in the first place. American Express Gold cardholders apparently have an average income of £34,000 a year — officially they must earn at least £20,000.

Dina Thompson



If you want to approach a building society or bank for extra credit make sure you do your homework first. There are large variations in rates for mortgages

Private investors move back into the gilt market

THE ESCALATING inflation of the 1970s made government securities, like many other fixed-interest instruments, an appalling investment.

With the exception of one or two years, rising prices consistently outpaced the income on gilt-edged issues, leaving investors with a negative real (inflation-adjusted) return and frequently a hefty capital loss.

The only winner was the Government which found that although it was borrowing more and more its debt was actually falling in real terms.

But the past three years of generally stable inflation and high real interest rates have transformed the outlook and brought many private investors back into the gilt-edged market.

Stockbroker De Zoete & Bevan sums up the change neatly in its latest annual review of the returns on different investments since 1919. "Gilts—an excellent investment in the last five years, an appalling investment over 50 years," it comments.

That is not to say that an investor in gilts has done better than someone who got in at the beginning of the current share price boom. But it does mean that he has frequently got a higher return than that offered by the building societies.

The key attraction of gilts is that they offer both the opportunity to lock into a fixed return and, unlike building society shares or National Savings, the potential for capital gains should the investment environment improve.

Conversely, however, avoiding a capital loss should the outlook for inflation and interest rates worsen may depend on the investor being willing to hold a gilt-edged security until its redemption date.

Whereas a sustained rise in the inflation rate would normally be expected to result in a parallel rise in short-term interest rates, the gilt-edged investor is locked in to his original return.

That return, commonly known as the net redemption yield, consists of both the annual interest payment, or coupon, and the difference between the current price of the stock and its value at the redemption date.

To take a typical example of a stock favoured by many high-rate tax-payers, the Treasury 3 per cent 1987 issue. At present you would pay just under £88 for each £100 of stock, and receive £3 per year in interest.

The yield is calculated by adding the interest payment to the guaranteed capital appreciation at the redemption date, to give an annual return in this case of around 9.2 per cent.

Since gilts are freely traded on the Stock Exchange, however, the investor in a stock can sell at any time before the redemption date.

If, for example, a fall in the inflation rate or a strong pound pushed down the general level of interest rates, the yields on gilt-edged stocks would normally fall, bringing a capital gain to existing holders.

An investor who bought the 1987 stock at the height of the sterling crisis earlier this year would have paid only £84.25 per £100 of stock, and the rise in the market since then would have left him with a capital gain

The size of the gilt-edged market — running into tens of billions of pounds — means that the investor has a choice of issues ranging from those with a life of only a year or so to those redeemable well into the early part of the next century.

In practice, however, because of the greater risks attached to long-dated stocks (who knows what the inflation rate will be in 1995?) that part of the market is dominated by institutions such as pension funds which have to match long-term liabilities.

Individuals tend to keep their money in short-dated issues. These tend to be less volatile, and to react to the same sort of influences as building society shares or National Savings.

More confident investors looking for additional potential for capital gain (and willing to take a greater risk in terms of losses) might buy medium-dated issues with, say, 10 years to run.

What type of stock an investor should choose — the central choice is between high, medium and low coupons and index-linked — will depend crucially on his tax position and whether he is looking for income or capital appreciation.

Savings in Government securities

A high rate taxpayer seeking to accumulate capital to provide for retirement would obviously go for a low-coupon stock where only a small proportion of the gain would be subject to income tax.

Gilts held for more than a year are exempt from capital gains tax and on those held for less than 12 months investors can ensure that only the appreciation after inflation is taxed.

The Inland Revenue announced recently that it was closing one loophole, known as bond-washing, which allowed investors to convert coupon payments into capital, but the tax treatment of gilts is still favourable as against other investments.

According to Alan Izard of broker Hoare Govett a typical strategy for a private investor might be to put funds in four different low-coupon stocks, maturing in consecutive years.

This would guarantee a tax-free capital gain each year and for the original investment to be rolled over with the purchase of another gilt as the first was redeemed.

An individual with no tax liability and wanting income rather than capital appreciation, would go for a high-coupon issue which would provide steady annual payments.

The Exchequer 10½ per cent 1987 stock for example, priced recently at around £99 per £100 of stock, offers a net redemption yield of about 10.7 per cent. The return is higher than on a low-coupon stock because it has less of a tax advantage.

There are stocks with even


London Stock Exchange

would be expected to pay over par (more than £100) for each £100 of stock so the higher income would be at the expense of a small capital loss once tha issue is redeemed.

Finally for the cautious and the pessimists there are index-linked stocks, which of late have shown that they can also bring a useful capital gain. The index-linked Treasury 2 per cent 1988 stock has appreciated by around 5 per cent since the turn of the year.

Index-linked pay a low rate of interest — typically 2 or 2½ per cent and the capital value rises in line with the inflation rate.

Mr Izard says that private clients are increasingly interested in the "very attractive total hadge" offered by these stocks.

Before putting money in any gilt-edged issue, whether conventional or index-linked, the investor should decide how he sees the outlook for inflation and interest rates over the lifetime of the issue.

Individuals buying stocks with three or more years to run, for example, should be aware that the market will almost certainly be affected by the outcome of the next General Election.

They should also remember that while inflation and interest rates determina long-term trends, the gilt-edged market looks at lots of other factors in deciding short-term movements.

These include the value of sterling, whether the Government is meeting its borrowing and money supply targets, and sometimes simply how much cash the big institutions have got to invest.

So what of the outlook over, say, the rest of this year? Most brokers are fairly confident that by the end of 1985 the gilt-edged market should be advancing as short-term interest rates and inflation are expected to fall. But they are less sure over the immediate outlook.

Specialist Stephen Lewis at broker Phillips & Drew believes that the domestic background to the market is still clouded by the strong pace of growth in the money supply, which means that interest rates will fall only slowly over coming months.

The sharp fluctuations in sterling's value on the foreign exchange markets also suggests that gilt-edged prices may be susceptible to similar swings.

So anyone buying gilts now must be prepared for a few ups and downs before the end of the year.

Philip Stephens

Tops in football and toilet tissue, too

Second time around

Mike Smith begins a series on successful second careers


Still on the ball: Francis Lee

IN FOOTBALL, Francis Lee reached the top. He played 27 times for England, won medals at club level and set a record for scoring penalties which, more than a decade later, has still to be matched. His business achievements are equally impressive.

During the seven years since he left football he has turned F. H. Lee, the tissue manufacturing company he set up in 1971, into a business which employs 260 people and is worth more than £8.3m.

Since 1981 he has been building up a second company based on a technique he invented—and patented—for rapid painting of motorway crash barriers. Last year Highway Safety Systems had a turnover of about £400,000 and business was growing rapidly, especially in foreign markets.

Lee, now 40, has achieved this with the minimum of education and without the benefit of a business background. He left school at 16, before taking O-levels. His father was a manager in a weaving mill.

Francis Lee's string of successes began at 16, when he scored during his debut with Bolton Wanderers, his local team. Even after establishing himself in Bolton's first team he was always looking for work outside football but he says his business ambitions really took off when, at 18, he asked the club for a pay rise.

"The manager, Bill Ridding, told me I was too young. He said, 'If you leave football, there is nothing for you. Remember, you are only a labourer.'"

"After that I decided to make sure that nobody would be able to say that to me again. I would make myself independent of football."

He opened a launderette and a menswear shop, both short lived. Then he went into partnership buying and selling waste paper. The partnership did not last, but it enabled him to realise the potential in tissue conversion, the process of cutting, perforating and packaging tissue.

"In the summer I did some driving for the waste paper business, and I was able to look around a tissue factory to see how it worked. Tissue sales had grown enormously in the 1960s, but hard shiny toilet paper was still in wide use. There was obviously room for expansion."

Lee was right. UK sales of tissue rose from 386,000 tonnes in 1972 to 488,000 tonnes in 1983. F. H. Lee was one of the main beneficiaries.

At the start, the company had one machine, bought by hire purchase for £15,000, and employed six people. It now makes 13,000 tonnes of tissue a year and claims 8 per cent of the consumer market.

Expansion continues. Lee won't say what profits he expects for the year ending March 1985. But he says turnover will be around £16m, £3.4m more than in 1983-84 when profits were £1.3m. This year he expects a £20m turnover, and in June the company will open a 200,000 sq ft warehouse and distribution centre in Trafford Park, Manchester, to add to its 180,000 sq ft Bolton factory.

Undoubtedly, the main factor in this growth has been Lee himself. Since retiring from football in 1978 he has been able to devote more time to business, but even before then he was fully in charge of its day-to-day operation.

So, at the same time as he was setting his penalty scoring record (13 in the 1971-72 season) winning Football League Championship, FA Cup, League Cup and European Cup Winners Cup medals with Manchester City and Derby County, he was also buying machinery, arranging loans from banks and hiring staff.

More important, he was selling his products. It was only in 1980 that he appointed a sales manager, preferring to do the job himself before. In the early years he was the company's only salesman.

Footballing fame helped. "If you are well known it is an advantage in making an initial sale, but after that the product has to stand by itself on price, quality and delivery service."

Soccer was also an advantage in providing capital. At the peak of Lee's career he was earning around £35,000 a year from football; never enough to fund all the company's expansion, but enabling Lee to plough a large share of the company's profits back into the business, particularly at the beginning when capital was scarce. He continued to do so after he left the game. In three years to March 1984, Lee spent £2.7m on fixed assets. Today he boasts one of the best equipped household tissue factories in the UK.

By 1984 F. H. Lee was selling to supermarkets and cash and carry companies throughout Britain: 85 per cent of its products, including, by then, clingfilm and aluminium foil, sold under "own brand" labels.

It had a good name and when Hazlewood Foods of Derby began to look for acquisitions to enable it to diversify into non-food products, F. H. Lee was an obvious target.

After 14 years of running the company alone, Lee was ready to share responsibilities, and the two sides quickly reached agreement. he received at least £8.3m—more if profits continue to rise as turnover suggests—partly in cash, partly in shares in Hazlewood. He has stayed on as managing director and chairman of the company. If Hazlewood buys any other non-food companies he will manage them too.

And if he has trouble filling in his time, there is always his motorway barrier business. The idea came when driving down a motorway, he saw workmen washing down crash barriers by hand. "I thought there must be a quicker way of doing it, and then, if we could wash them we could paint them as well."

With the help of engineers he developed and patented a machine which can both treat for rust and paint the barriers.

That company employs six people. It has only two machines, but Lee believes the growth potential is enormous because of its safety implications.

Local authority cutbacks mean that most of Highway Safety Systems' business is abroad and it is there that Lee expects most expansion. "We are planning our European campaign for the summer," he says. "Sound's like football doesn't it?"

Briefcase

Where there's a will there's a way

By our Legal Staff

I buy and sell shares to a modest extent. I always retain a single share, after selling a holding, in order to continue to receive the annual reports and a supply of large re-usable envelopes. When I die my executor will be faced with a large number of single shares, which would cost a lot to sell or transfer. Is it permissible for an executor simply to ignore such shares, perhaps writing to the company to cancel further correspondence, or alternatively is it in order for me to write instructions into my will for such shares to be ignored?

You would have to make an express provision in your will enabling your executor not to realise the shares you mention if you wish to relieve your estate from the burden of costs involved in selling or transferring them in the due administration of the estate.

Trust expenses

My aunt left a sum of money in trust for me that I should receive the income from the securities invested in this trust for the rest of my life. The trust is managed by her solicitor who after the deduction of tax pays me out the net sum. From the net sum he charges me his charge for management of the trust.

Can I claim the amount he charges me as an expense for tax purposes?

Your gross income for tax purposes is 10-7ths of the net amount which you actually receive so the solicitor's charges do reduce your taxable income (assuming that his charges are authorised in your aunt's will).

If however, you are wondering whether you can claim a refund of 30 per cent basic-rate tax on the charges, the answer is unfortunately no.

Interest on loan

In July 1982 my husband made an interest free loan of £20,000 to my mother. This was in effect to be used as a bridging loan to enable my mother to purchase a property near us; the money to be repaid on sale of my mother's home. For various reasons problems arose and my mother changed her mind about moving—the £20,000 was repaid to us in a separate bank account and it earned interest of around £1,000 which she retained, and declared on her tax return. As my mother is a war widow and her pension non-taxable, the £1,000 interest did not bring her into a tax bracket.

For some unknown reason suddenly it appears that both our respective tax authorities have got together and are querying this transaction—they indicate that my husband is liable to be taxed on the £1,000 interest. Can you tell me if this loan is justified? I should point out that before making the loan to my mother we did in fact telephone our tax office and ask about any implications. At the time they told us the transaction was of no concern to them but that any interest my mother earned must be declared on her tax return.

The proposed assessment upon your husband is based upon Chapter III of part XVI of the Income and Corporation Taxes Act 1970. It is to be made under case VI of schedule D, therefore, whereas your mother would have been assessable on the interest under case III.

The dicta in Inland Revenue v Levy will help your husband in his appeal against the assessment, if it is made; but first he should draw the inspector's attention to the telephone conversation which preceded the making of the interest-free loan. It may well be that the inspector will accept that, if he were to make a case VI assessment under section 449 (1) of the Taxes Act, he would be vulnerable to a complaint of maladministration to the Parliamentary Commissioner for Administration, popularly known as the Ombudsman.

Delayed pension

My husband died suddenly on Boxing Day and I am still waiting for my State Pension. The DHSS had all the particulars on December 31.

I am overdrawn at the bank and owe money to my relations. I cannot claim national assistance as my capital £10,000 approximately is over the limit.

Would it be possible to claim compensation for the delay?

Unfortunately compensation does not appear to be payable for the delay in paying your pension. You should however make a series of requests and complaints in order to chivvy the Department into action. You might also care to enlist the help of your Member of Parliament.

Holiday deposit crash lands

I booked my summer 1985 holiday last March. A deposit was paid and the tour company was authorised to debit the writer's company credit card. I telephoned the same month to enquire when I might anticipate written confirmation only to hear a pre-recorded message that the company had ceased to trade.

I immediately contacted the credit card company, and informed it that I was of the opinion that my deposit was "protected" under the Sale of Goods Act 1977. I was informed that this was not the case (my card was taken up in 1978, viz after the Sale of Goods Act 1977).

The card company has now informed me that it believes I am referring to the Consumer Credit Act 1974, in which Section 75 gives certain rights for credit agreements. Company cards it says do not fall within this category as payment is required in full on a monthly basis and extended credit is not given.

I was under the impression that I was covered by the Sale of Goods Act 1977 and it may well indeed be that I am also covered under the Act and/or possibly other legislation as well. To add insult to injury I contacted the Association of British Travel Agents and informed it that although the travel company ceased trading in March its brochure stated quite clearly that all holidays are covered by a financial bond provided by a bank and lodged with ABTA (valid and in force until September).

I have now been informed however that the operator resigned from ABTA in October 1984 and bookings after this date are not covered by ABTA financial protection. It quotes from a letter of resignation "we shall of course inform all our clients and trading partners as soon as possible of our resignation, and withdrawal from circulation or overprint, any pieces of literature which bear reference to our membership (our 1985 summer brochure has not yet been printed)."

This letter was signed by the managing director. The fact is that I only obtained the brochure during March 1985.

To the extent that this brochure was misleading could you please also advise whether I can issue a writ against the managing director for misrepresentation. It appears that neither ABTA nor the credit card organisation will assist me in obtaining my deposit back. What course of action can I take?

We think that there is no protection under the Sale of Goods Act 1977, as the contract was for a service or services, not for the sale of goods. It also seems that the credit card which you used may not enable you to seek protection under Section 75 of the Consumer Credit Act 1974. There was however a clear misrepresentation in the brochure, and the company would be liable to you for misrepresentation and probably the deceit. It may be possible to recover against the individual directors of the company for deceit and/or for conspiracy to deceive.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns.

LONDON PROPERTIES

• PROPERTY •

Guide to a stable lifestyle in the best parts of London

LONDON is said to have well over 600 mews—those one-time stable blocks which are now among the prime plums of the property market.

A mews house is often a viable alternative to a flat, because of the advantages of a private road, and the security of a gated entrance. Preference is for a freehold, to give freedom from escalating ground rents and diminishing leases, and for property with a garage.

Practically the whole of Etnathan Mews, Little Venice, W9, is up for tender on June 8 by the Church Commissioners through Chestertons, Brook Street, with a guide price of over £1m. But this operation is really for a developer experienced in this sort of refurbishment.

Fore someone who wants a single cottage to do up, or one that is already restored, there is a useful Good Mews Guide, free from specialist agent Daniel Lachs, J. Trevor and Soos, 28 Thurloe Street, SW7 (01-584 6162).

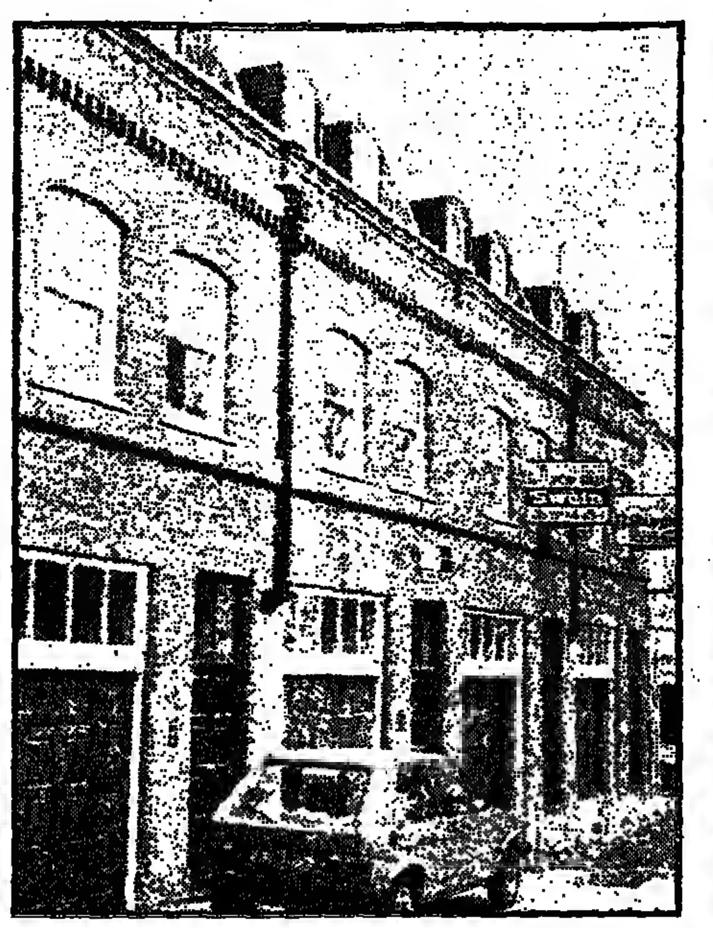
Latest listings include a one bedroom pied-a-terre in Smallbrook Mews, Lancaster Gate, W2, at £73,500, and a modern mews house in Old Manor Yard near Earl's Court, £97,000. Four splendid new four-bedroom houses by Mowlem Property Developments through the dramatic, classical arch of Queens Gate Place Mews, SW7, are from £395,000.

Four houses in Adam and Eve Mews, W8 (its name derives from the public house which used to be on the corner), are a good example of reconstruction in keeping with the original character.

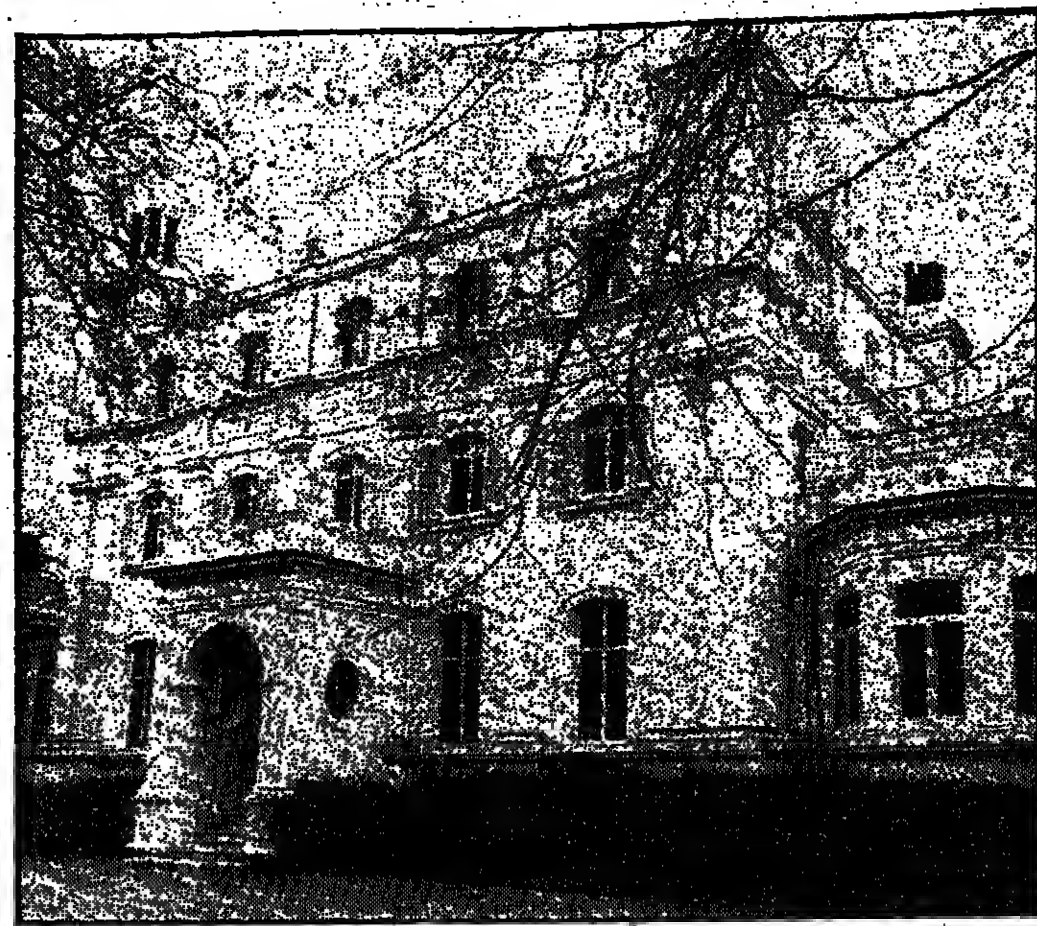
Architects Peter Osgood, and Cleary Associates, worked in close co-operation with the Royal Borough of Kensington and Chelsea planning department. The façades of the derelict dwellings were recreated in red-facing brick with the stringings and parapet-frieze matching in with the existing buildings.

At the back of the compact, two-bedroom houses, non-opening windows are of thick glass blocks which obscures vision but provides necessary light. Fixed timber louvres give ventilation. The houses are £167,000 freehold through Sturgis (01-703 2108), and Frank Swain (01-727 4433).

On the site opposite, Chestertons' Kensington office is handling a nine-house, seven-maisonette development to be completed by the end of the year. Again, the planners laid down stringent conditions to safeguard the character of the area.



Rebuilt houses at Adam & Eve Mews, off Kensington High Street, W8, for sale at £167,000 freehold through Mark Holliday, Sturgis (01-730 2108) and Frank Swain (01-727 4433)



Mid-19th century house and mews cottage at 20 Kensington Palace Gardens, W8, on offer around £5m for a new lease from the Crown Commissioners through Bruce MacEacharn, Chestertons (01-937 7244) and Richard Crosthwaite, Knight Frank & Rutley (01-730 8771)

Mark Holliday, Sturgis, is also selling a striking contemporary house in Morton Terrace Mews North, S.W.1, which has been on the market a few months. To encourage a firm offer, the price has been reduced to £245,000.

Strongly contemporary too, is The Woods, Fairfax Road, NW6, on the borders of St John's Wood and Swiss Cottage. Eight new five bedroom, two bathroom houses will be previewed tomorrow, 3-5, through John Parker, Brian Lack and Company, 4 and 6 St Ann's Terrace, NW8 (01-586 5929), open weekends.

The Woods is an attractive complex tucked in behind existing terraces, forming a mews-style courtyard with a remote-control security gate. Prices for the three-storey houses are from £225,000 freehold; and distinctive touches by the architects, Atelier 16 International, include a spiral staircase down to a little patio-garden, and a beamed ceiling above an open-tread natural wood staircase.

The showhouse with its mirrored screens, Magistretti chairs, and stone and suede effect wall-coverings, is by Gerald Moran, Oscar Woollens.

York Terrace West is a gated, porter-attended byway where the spacious accommodation access to Regent's Park through its own back garden.

Originally designed by John Nash, around 1823, the tall, terraced houses were rebuilt in similar style about 15 years ago. There are two ground and first floor maisonettes for sale at £1.25m the pair through Mary Wiggin, Knight Frank and Rutley's Sloane Street office (01-730 8771). One unit has been remodelled by yacht designer Jon Bannenberg, with split levels, a deck of polished wood planks, concealed storage cupboards and lighting, and American-tyle dressing rooms with immense walk-in closets.

A mews house with its own mansion is for sale at 20 Kensington Palace Gardens, W.8. "It's a huge house for just two people—great big curved stairway like a film set, garden, greenhouse, library the lot." was how Michael Korda in Charmed Lives reported the chauffeur's comments on the 1954 purchase by his uncle Sir Alexander Korda of the 25-room house.

The EEC took over the place as offices after Alexander Korda's death in 1956. And the elegant house, approached through a tree-lined security-gated road (this is embassy territory), soon took on the uncared look of commercial occupation. The gracious fireplaces were boarded in, and the high, ornamented ceilings sprouted wiring for ugly, albeit practical lighting.

The Crown Commissioners want the house restored as a private residence on a palatial scale, while preserving what they call "its proud presence." This includes taking down the out-of-keeping rear section and removing the shutters and replacing missing glazing bars to the front windows.

Copenhagen, has produced an-

All work will have to be carried out under the supervision of the Crown's nominated architect, Donald Insall, and the agents, Chestertons, and Knight Frank and Rutley, are inviting in the region of £5m for a new 60-year lease.

Any old baths?

"WHERE can I get a Victorian or Edwardian bath?" I was asked by friends doing up a turn-of-the-century house with the genuine articles.

I prefer not to be reminded of the trouble we had to get our old bath down the narrow stairs of our Regency house when we modernised some time back. Four strong men bumped it down, taking a fair portion of the wall with it. Then we had to pay to have it taken away. Now it appears that the monstrously heavy, roll-edged bathing receptacles with claw feet are back in fashion.

I advised trying salvage merchants and builders' yards, and looking under "demolition" in Yellow Pages. I tried a few places myself, and found that old baths had gone up-market and become Architectural Antiques.

"Not so many houses being knocked down now," confided a chap at Floyds' Builders' Merchants, Ilderton Road, just off the Old Kent Road, SE15, "but we still have plenty of old timber, bricks, slates, and RSJ's."

At B. Olds, Mercury Way, off Cold Blow Lane, near Millwall football ground, SE14, open Monday to Friday 8-5, Saturdays 8-12, they had a wash hand-basin. The yard man thought it was "pretty old, in good nick with taps," and I agreed that £10 was a fair price.

At London Architectural Salvage and Supply Company in an old church off Paul Street, EC2, there were baths galore. Around £100 for something basic, up to £1,300 for some-special—fancy feet and taps.

In the centre of Bath, Walcot Reclamation, a shop with a yard behind it, had a very large stoneware bath for £250. "It takes six men to lift as it probably weighs over four cwt." Most places don't price stock, but Walcot will send an approximate listing from 108 Walcot Street, Bath, to serious inquirers.

J.F.

RENTALS

GARDENING

TRAVEL · MOTORING

Two hundred years of history: Church St, Charleston

The South: so civil since the war

TRAPPED in a Los Angeles motel the other week, it was pleasant to find that, between the spinach salad of dinner and the hash browns of breakfast, the pound was buying a few more American cents. And while things have yo-yoed a bit since, the U.S. looks like popping over the tourist horizon again. Time and again, UK surveys have shown America to be the most-desired destination; only money has been the barrier.

By no stretch of the imagination is the U.S. cheap but, New York aside, it is not outrageously expensive. Over the past month I have paid between $40 and $70 a night for business accommodation in provincial cities—full service properties with huge double beds, air conditioning, direct dial telephones, TV and the rest—and holiday motels would have been a great deal cheaper.

New York is, however, a different kettle of fish: The city is one of the most fascinating in the world; and your flexible friend will have to bend considerably even if you can afford only a day or two there it's worth the time, and some of the expense, especially for the first-time visitor.

On balance, though, if I were making my first trip I think I would turn south to try to catch some of the atmosphere of the old colonial days. Things are happening in many of the southern states and considerable amounts of money are being spent on restoration and recreation to retain the old flavour of the confederacy. But tourism costs are rising because some of these areas are seeing a mini-boom as low tax policies and better weather attract industries from the bleaker north-east.

Of course, one glimpse at the map will show that the South is not really south. The old South of the story books really centred on Virginia and the Carolinas (in those days Virginia was somewhat larger than it is now) and perhaps Georgia. Still, in two weeks of fairly intensive sightseeing you can fill your mind with memories and your album with snapshots; a trip taking in mountains and beaches, plantations and fortifications, cotton fields and, of course, kitsch.

I would start either in Atlanta and do a north swinging loop, or Washington and curve south. The Atlanta start will give you more space, more sunshine and more of the deep South; but the Washington base gives you the capital, the Capitol and also a bigger chance to fathom the complexities of the Civil War (read Bruce Catton's books on the subject before you go). Whatever the route, I suggest the following "must sees."

● The Blue Ridge Parkway is one of the most beautiful roads in the world. It runs for just under 470 miles without touching a town along a mountain ridge between the Shenendoah and Great Smoky Mountains National Parks. This is no fast running motorway: commercial traffic and high speeds are banned. You waft along at a 45 mph maximum through forests and open vistas and there is ample opportunity for picnic and picture halts. You can cut off the parkway itself at many points to visit local cities or find a bed for the night.

● Charleston, South Carolina, is a natural centre for a one-stop view of the old South. Its centre retains the atmosphere of 200 years ago, its surroundings contain many of the old plantation buildings, and its waters and shores were the setting for the start of the Civil War.

In one day you can stroll the streets of old Charleston and then make a trip to Middleton Place House and plantations to see something of the rural lifestyle of the time. Any English gentleman of the time would have been proud to display such wealth, for here was a high standard of living indeed. Middleton was, in fact, the site of the first landscaped garden in the Americas, set out in the mid-18th century and still a cool joy on a hot Carolina day.

On the same day, if you hurry, you can visit the site which heralded the ending of it all. Fort Sumter sits on an island in the middle of Charleston Harbour and you will not escape the sun here; it bakes down on you in spite of the ocean breezes. A ferry takes you out.

It was here that the state of South Carolina put its secession plan into action by demanding that Union troops surrender the fort. President Lincoln's men stood their ground and the Confederates opened fire. The Civil War had started. It destroyed a way of life based on cotton and slavery and hit the local economy so hard that some say it is only now, with the new revolution—this time of hi-tech—beginning to recover.

● The Richmond area of Virginia is another superb centre for seeing much of the old South in a short time. Richmond itself is not particularly appealing although today it is the state capital and a major industrial centre, particularly for tobacco and paper. Its historic heyday was, however, as capital of the Confederacy from 1861 to 1865, when much of it went up in flames. Within easy driving distance are such plantations as Shirley, Berkeley and Brandon, all of which give some indication of the immense wealth of the southern families in the 18th century.

● Richmond is also the gateway to Williamsburg, which once had the less inspiring title of Middle Plantation and in the 1620s was little more than a few families out on a peninsular, protected from Indian attack by a strong fence. From these small beginnings it grew to become the seat of Virginia government (which moved to Richmond in 1780) before slipping back to being a sleepy university town.

In 1926, John D. Rockefeller Jnr started to restore Williamsburg to a living museum of colonial towns. Well over $100m later, visitors can see colonial homes, colonial dress, colonial vehicles and a whole new craft industry re-creating colonial furniture and fabrics. It is well worth a day visit—but try to avoid week-ends, when it gets terribly overcrowded.

● Charlottesville, Virginia, is convenient, again for the area rather than the city itself. There are lots of eerie caverns around (Grand, Skyline, Endless and Luray among them) but the big attraction is Monticello, thought by many to be the most beautiful house in America. My recurring memory is not only of its simple elegance but also its floors, a superb blending patchwork of highly polished woods. Monticello was designed and built by Thomas Jefferson between 1771 and 1809 while he lived in a small outbuilding.

Here, and at another famous southern house, Mount Vernon, Virginia, again you are best advised to avoid weekends. Mount Vernon was George Washington's home, a large mansion with considerable estates on which he practised scientific agriculture. (He had ambitions to be the most advanced farmer of his time.

He is said to have regarded the War of Independence as an unavoidable diversion from his real task of farming the Mount Vernon land. In fact, he spent more time away than he intended, but he was buried there. The house has been restored to as near its appearance in Washington's time as possible.

Further information. The bookstore and the public library are the happiest hunting grounds. The best guide is the Mobil Travel Guide to the Middle Atlantic States (make sure you get the 1985 edition or pay a cut price for the 1984 version). These are not easy to find in the UK but are widely available in the U.S. British Caledonian and Delta have frequent flights to Atlanta from Gatwick. You can get to Washington from Heathrow on British Airways.

Arthur Sandles

A Renault from Romania

FOUR-WHEEL drives come in all shapes, sizes and prices nowadays. It might have been thought that every niche in the market was already covered—but the Rumanians seem to have discovered a new one and have filled it with the Dacia Dusetr.

The Duster is loosely based on the old Renault 12, which went out of production in France years ago, but it has rear, not front wheel drive. For off-road work, the non-independently sprung back wheels are powered too, at the pull of a lever. The main gearbox has four speeds, the transfer box two speeds, giving eight forward ratios, two in reverse.

Of the four Duster models available, the £5,995 GLX estate car is the most appealing and would be a reasonable alternative to a normal car for buyers whose work or leisure takes them off the beaten track. The other models, from £4,594, are a pick-up, a van and a soft top roadster.

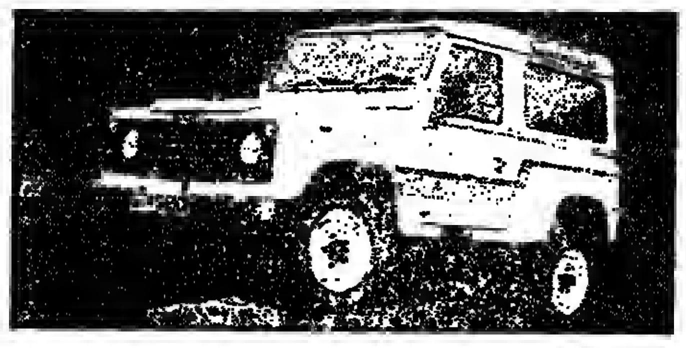
I tried the Dusters some weeks ago during the worst weather and the cross-country track I used was frozen solid. The usual mud wallows looked like relief maps of the Himalayas but the Duster rode over them amazingly well. The wheels have a lot of vertical movement to absorb bumps and holes without giving the occupants a shaking.

On the road, the Duster GLX estate began to get out of breath at over 60 mph—the engine is of 1.4 litres capacity and produces 65 bhp—and became very noisy. But at lower speeds all was reasonably quiet.

The front seats and the rear bench were nice and squashy in the Renault tradition; the interior trim is cheap and cheerful and the minor controls and instruments pretty crude. But in cars as in everything else, you get what you pay for; by 4x4 standards, the Duster is cheap. It is strong, with a separate chassis, plenty of protection for the underside and capable of about 30 mpg when used as a car.

Who would buy one? Clearly, people who really do need to go off-road now and again. It's not a Chelsea farmer's car, lacking the status of a Range Rover and the chic of a little Suzuki. But parents who have to spend the summer doing the gymkhana circuit might find the Duster ideal. It won't get stuck in muddy paddocks and would even handle a pony box capably. Dacia Concessionaires, of Westbury, Wilts (0373 826340) hope to sell 1,000 Dusters here this year and are establishing a national dealer network.

The Dacia Duster GLX estate. A car substitute that goes well across country



The Land Rover 90 V8. Powerful, but still a farmer's boy at heart

Back in January the new Subaru 1.8GL estate kept me going in snow that stopped just about everything else. More recently, I tried the turbocharged version, which has a claimed top speed of close to 120 mph. Power is up by 50 per cent (from 88 to 134 bhp) and torque—that is, pulling power—43 per cent higher at a lower speed. The Subaru Turbo, also offered as a four-door saloon now has enough muscle to make the front end misbehave in two-wheel drive. Flipping in the drive to the rear wheels, too, solves the problem. It doesn't have a centre differential, but could otherwise be thought of as a poor man's Audi quattro.

The Turbo Estate, with electro-pneumatic rear suspension that is self-levelling and may be raised for traversing rough ground, has power steering and twin electrically adjustable mirrors. It costs £10,500; the saloon version is £10,000.

Aimed at similar buyers to the Subaru is the Alfa 33 4x4 estate car which has just gone on sale here at £7,990. This 1.5 litre on-demand 4x4 is good for 106 mph on the road, should do better than 30 mpg on a journey and has the same 5-speed gearbox as the 33 saloon. Overall gearing has been lowered, and the ground clearance increased, to suit its occasional off-road role.

Toyota's big Land Cruiser, with a quiet and economical six-cylinder diesel, is now being offered with automatic transmission. The price premium is £1,000 — the two-pedal Land Cruiser costs £14,385, which is getting towards Range Rover levels. I haven't tried it yet but the four-speed automatic ratios are equivalent to second to fifth gears in the manual box. It should be almost as economical as the manual one on the road—well over 25 mpg is obtainable—but less happy at descending very steep, slippery slopes. This is a snag with the two-pedal Range Rover, too. There isn't enough braking effect through the automatic in low to restrain them on slopes like the roof of a house.

Yet another version of the Land Rover went on sale this week.

The short wheelbase Land Rover 90 is being offered with the familiar 3.5-litre V8 engine used in the Range Rover and Land Rover 110. It runs on two-star petrol and is combined with a new five-speed gearbox. No short Land Rover ever went like this one before. Acceleration on the road is almost car-like and, off the road, it would out-perform most of its rivals without really trying.

Stuart Marshall

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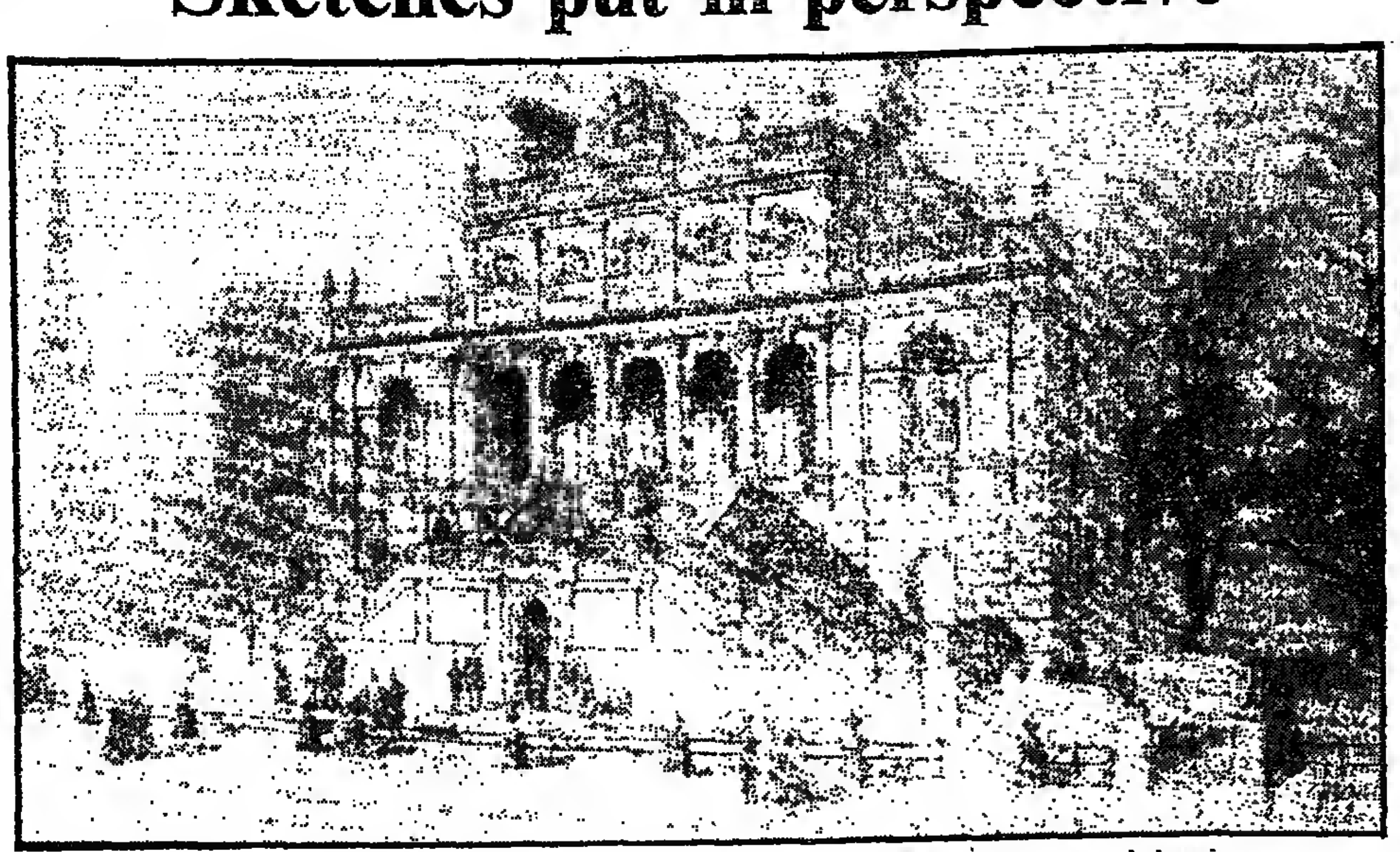


The Fine Arts Academy, Bristol: a 19th-century study in a sale of architectural drawings at Sotheby's later this month

ARCHITECTURAL drawings and watercolours are comparatively new in the auction rooms. Originally purely utilitarian in intention, their intrinsic decorative attraction, as well as the associational interest they are likely to have, has been increasingly appreciated by collectors: and prices have risen markedly over the past year or two.

One attraction is that architectural designs can reflect so many stages in the concept and creation of a building. There is the scribble on the back of an envelope which must have been the embryo of practically every truly original notion (compare Joseph Paxton's doodle which was to grow and glitter as the Crystal Palace). There are the grandiose dreams eventually scaled down to reality, and the plain notions that develop larger ambitions as they grow. There are the finely finished perspective drawings designed to entice a patron, and the cold elevations and details to instruct builders and craftsmen. Designs for interiors and decorations; and architectural records of existing buildings also come under the heading.

The architect cannot dispense with an ability for visualisation, but not all great architects have been great draughtsmen. Inigo Jones was a gifted artist, but Sir Christopher Wren had the utmost difficulty in committing his ideas to paper. This shortcoming in the great master gives a special, touching charm to Charles Robert Cockerell's "Tribute to Sir Christopher Wren" which is the star item of Sotheby's sale of architectural drawings and watercolours on May 23.

In line of descent from Inigo Jones and Sir John Soane, Cockerell (1788-1863) was one of the greatest architectural draughtsmen of the early 19th century, as well as the most eminent neo-classical architect of his day. In 1819 he succeeded his architect father as Surveyor of St Paul's Cathedral and developed an enormous admiration for Wren. Each of Wren's works, he wrote, "may be called the patriarch of a great race."

Out of this reverence developed his large watercolour "Tribute," completed in 1838, in which he creates a fantastic perspective of Wren's major works, including 33 City churches. It offers the Londoner an entertaining puzzle picture: he is challenged not only to identify the buildings, but also to pick out the Hawksmoor churches included in error: architectural history has improved since Cockerell's day.

This genre of painterly entertainment, combining buildings from many different dates and locations, was not originated by Cockerell: it dates back at least as early as a French work, *Durand's Receuil et parallele des edifices en tous genres anciens* (Paris 1800). Cockerell, however, may be said to have brought it to its peak, with this picture and "The Professor's Dream" painted a decade later and now in the Royal Academy, in which he assembles the greatest buildings of ancient and modern times.

There must have been architects' drawings as long as there have been architects. In the First Century Vitruvius listed among the architect's qualifications, "*a knowledge of drawing* so that he can readily make sketches to show the appearance of the work he proposes." The earliest surviving body of designs for buildings, however, is the notebook of the 13th century French architect Villard de Honnecourt — which incidentally shows a precocious grasp of the principles of perspective drawings.

The earliest design on offer in Sothebys' forthcoming sale is a late 16th century Roman sketch for the decoration of a room. From the latter half of the century is a remarkable group of 14 beautifully precise and finished elevations for the Hotel de Saint Florentin and the Hotel du Garde-Meuble de la Couronne, Place Louis XV, Paris. The Hotel de Saint Florentin, commissioned in the late 1760s, now forms part of the American Embassy in Paris.

Most evocative for Londoners, however, is a perspective view, drawn in the office of the architect Andrew Mather, of the Odeon Leicester Square. Built in 1937, the Odeon, with its black glass tower, remains one of London's most striking post-*Art Deco buildings. (In a* memorable act of vandalism the Rank Organisation tore out the magnificent original interior decoration some *years ago).*

A vivid impression, the watercolour shows a rain-drenched Leicester Square, the wet pavements reflecting the blaze of light from the doors of the cinema and the passing cars. To finish it off in style, the cinema marquee advertises Clark Gable and Joan Crawford in *Love on the Run.*

Janet Marsh

Archaeology

Prehistory pays dividends in pigs and eels

PREHISTORY, the study of ancient and not-so-ancient peoples who have no written records, is a fairly young academic subject, but one now as wide as the whole world. At a recent conference Eskimos, gardeners and pig farmers in New Guinea, eel rearers in Australia, Indians in America, wine-drinking slave suppliers in pre-Roman France and many others, were enlisted to show that the sun never sets on the empire of prehistory. It may overlap at times with ethnography or anthropology, but that adds to its fascination, and may sometimes produce sounder explanations of the past.

The conference celebrated 50 years of the emergence of the Prehistoric Society from the Prehistoric Society of East Anglia. The earlier body had been much concerned with flints—collecting them, classifying them, discussing them, and going on trips to find more.

In flinty country flint implements are a good source for the ancient past, but they are of less value where it is not flinty, or for later periods as metals became more common for tools and weapons. The flints of East Anglia gave way to a wider view in 1935, which was triumphant in 1985. Several pioneers were there to enjoy their triumph.

So where is prehistory nowadays? Its worldwide view, and the willingness to turn at last to such phenomena as the eels in South-East Australia (which were used both as plain food and for ceremonial exchange, as salmon and game still are), are accompanied by an almost unanimous view that everywhere life was different.

Close local studies are telling much of how we began to be where we are, especially by looking closely at what people lived on and how it could be stored. There are surprises. In North America it was only around 400 that corn (maize) appeared. By 900 it had become the main food source. By 1100 it had virtually driven out nuts.

Fish and shellfish were other possibilities, in the right places, and tubers, as Sir Walter Raleigh learnt. But in South China what mattered was rice, from the 5th millennium BC, which then spread into Korea and Japan, which also enjoyed nuts, ground for nut cutlets. In North China millet and pigs go back to the 6th millennium BC.

Pigs reached New Guinea 10,000 years ago. Did they swim? Or were they brought? That's not a joke for in the 19th century pigs were seen swimming the Malacca Strait. For the last 2,000 years pigs have been wealth in New Guinea, but not concentrated wealth, as the animals would be dispersed among wives and other women.

New Guinea is instructive since prehistory ended only in the last few years. Likewise in America history—and so the importance of personality and personal explanation — began only recently. Fort Harrod, at Harrodsburg in Kentucky, was the first permanent white settlement west of the Allegheny Mountains. It was founded only in 1774.

The impact of the advanced society travels ahead like a boom or bow wave, and not always in the best way. In Australia smallpox killed much of the aboriginal population within 40 years of the first white settlement.

Another such impact was that of the Romans in France (or Gaul) in the Early Iron Age before they conquered it, though the Greeks had been there earlier. The Graeco-Roman world may be seen as a prime mover for change in its barbarian fringe, and it would seem there was often far more contact than we have record of before the eventual conquest or colonisation.

The Romans sent ahead Italian wine, which satisfied the merchants and landed gentry by opening new markets. In return they collected such Gallic (and British) commodities as slaves and metals. The wine was prestigious, and the amphora sherds in *France* and *Britain* show where it went.

Class is important to modern prehistorians. They are trying to discover how class differences came about. Rich burials, broken wine-amphorae or larger houses or huts are one way of showing it, but it is not so easy to detect archaeologically. The fact that the pigs of New Guinea were dispersed among various women, as we know from ethnography, makes it extremely difficult to identify the big men who actually owned the pigs. The same holds for ancient Athens, where there was little conspicuous consumption in the 5th century BC.

But prehistoric archaeology can be confusing as Professor Lewis Binford of the University of New Mexico, emphasised in discussing the Eskimos (modern hunter-gatherers of pre-agricultural type). We look at them with our knowledge of man over 1½m years. We look for progress, or for the genesis of capitalism, or social stratification or political institution, which in one sense are reasonable quests.

But what do the Eskimos say? They do not know if they are being progressive. Things we may classify as religious ritual, such as male initiation ceremonies, they may see as education. To everything they may say they could never have done otherwise. We are left behind in our igloos, pondering that it is always progress to show where something is wrong.

Gerald Cadogan

In the pink

Colour the light fantastic

AT THE age of three my brother started depicting pillar boxes and post office vans a deadly nightshade. His mother was beserk with worry. Was the child neurotic, repressed, anal retentive? Perhaps, said the specialist, but he was also colour blind.

He shares the deficiency with eight per cent of males and only half a per cent of females. Colour blindness is genetically sex-linked and for a girl to be so unfortunate both parents must be "colour defectives."

Colour blindness is incurable and, though not necessarily a health hazard, it can affect your career. Electronics, for example, can be hard to enter if you are colour blind.

My own sibling was turned down by the Parachute Regiment and most of the rest of the Services because he failed the sight tests. He also became a social embarrassment, sewing pink fur (he thought it was grey) on to his donkey jacket.

Today he might have benefited from the wonders of science—a single contact lens called the X-Chrom.

Developed in America about ten years ago, the X-Chrom is a dyed corneal contact lens designed to be worn in the non-dominant eye to enable the wearer to distinguish more colour. Both eyes transmit the images they receive to the brain which, the theory goes, is "deceived" by the X-Chrom lens into studying a wider range of colours for future reference.

No one knows exactly how the X-Chrom lens works and because of this, it has encouraged a lot of controversy among optometrists.

Most do not dispute that the colour vision of a colour-blind person 'changes' when using the X-Chrom lens but many question the form and extent of this change. In addition, there are certain problems involved in wearing the lens. One of these is cosmetic. The red-tinted lens is visible in light-coloured eyes. But the advantages to those whose occupations require colour correctness arguably outweigh the problem of having two different coloured irises.

More serious is the loss of vision in the eye wearing the lens in poor light or at night. This can cause distortion when judging distances.

"For this reason, the X-Chrom is not recommended for night driving," says Dr Steve Taylor who has done extensive research into the use of the X-Chrom at the Department of Optometry at the University of Wales Institute of Technology.

In spite of this drawback, he is very enthusiastic about the X-Chrom and thinks it is an effective aid to colour vision. "The degree of benefit from wearing the lens depends on the individual but most users of the X-Chrom find they have noticeable colour improvement after about a month. Since it was introduced, the lens has been successfully fitted to some 25,000 colour defectives.

At present it is available only as a hard lens but Cantor and Silver, the company with the manufacturing and distribution rights in Britain, hopes to produce a soft lens this year.

Around 1.5m people in Britain wear ordinary contact lenses. These are soft, gas permeable or the original "hard" lens made of perspex, introduced after surgeons treating World War Two pilots with perspex fragments in their eyes observed how well the material was tolerated.

Sales of UK manufactured contact lenses alone have increased by over 13 per cent in Britain in the last five years, according to a survey of the Association of Contact Lens Manufacturers.

Research has also shown that among professional males under 34 years of age, 11 per cent wear contact lenses compared to 12 per cent of professional females. Later in life it seems the male vanity wanes and they tend to retrieve their specs, as in the 35-44 age group the figure for male contact lens wearers drops to only 4 per cent. For women however, it remains at 12 per cent.

In a European league table, the cost of British-made contact lenses is comparatively cheap—second only to France. But by international standards the UK ophthalmic market is conservative. In the U.S., contact lens wearers make up 12 per cent of the prescribable population

However, one in the eye for the American market has been a new tinted soft lens created by a British company called Igel Optics which uses a textile tinting technology. Igel is the first company to have its tinting process licensed by the American FDA. Previously, soft lenses were difficult to tint because of their high water content (up to 80 per cent).

But Igel Optics is close to perfecting the impossible, a soft lens to turn brown eyes to blue. Managing director Pravin Patel is enthusiastic about the prospect of looking like Paul Newman.

He says: "This new soft lens can turn even the darkest brown eyes to blue. We hope it will be ready in 1986 but we are also working on lightly tinted ordinary soft lenses which will make them more easily identifiable for the wearer and allows more oxygen to the eye. I estimate that by the end of the decade all contact lenses will be tinted in some form or another."

Nicky Smith

High-tech home

Leave your name and number

THE frustrating thing about a telephone answering machine is that so many people, too paralysed to talk to the device, ring off without leaving a message. How many can you recognise by the sound of their breathing?

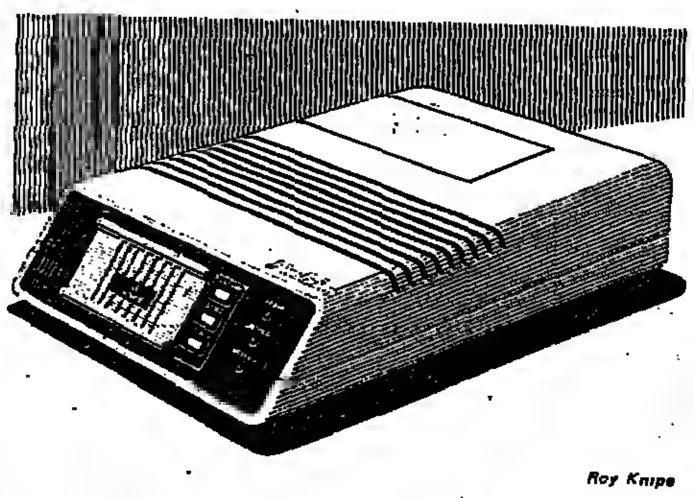
As any film buff knows, the Americans are much better at these things, and the answering machine or service is a vital part of their social life.

Anyone wanting an answering machine for the home can certainly get one for less than £130 and probably should not spend over £240 for a sophisticated model with some useful features.

All models provide the basic service—that is, they give a short message when they answer a call and then record whatever message is left on a tape—either standard or mini cassettes. With most machines you devise and record your own answering announcements although one company, Recordacall, uses voice synthesis—which means it sounds as if a computer is answering your telephone—as indeed it is.

The very cheap machines have only one cassette, which is used for playing the message and recording the caller. This means you have to record the answering message a number of times. The better models have two cassettes one of which is just for the answering.

Look for the limit on recording time. Some machines will give only 30 seconds to each caller. Some machines do not have proper cut-off devices and may record for several minutes after the caller has hung-up.



Roy Knipe

... ing and remote control. With a monitoring facility you can let the machine answer while you are at home and it will play the caller's voice through its loudspeaker. If it is someone you want to talk to you quickly answer the telephone — if it is an old bore, a pressing creditor or the office you let them record their message.

Remote control means you can telephone your own answering machine from anywhere in the world and discover what messages have been left. Most use a little bleeper the size of a cigarette packet, although some have complicated means of recognising voice instructions.

Most answering machines are made in the Far East and Panasonic of Japan has one of the best reputations. A recent issue of *What to Buy for Business* recommended its four models as best buys. Panasonic is about to launch four new models, two of which include a telephone handset — a growing trend which is probably better for office rather than home. The basic model without telephone, costs £119, and £159 with remote control.

This week British Telecom launched Robin, (£99.99) with remote control, the lowest priced machine with remote control. So far the major disadvantage seems to be that of all single cassette machines — the necessity of leaving multiple recordings of your answering message.

The two existing BT machines, the Osprey at £175 (no remote control facility but two cassettes) and the Tern at £245 (remote control and two cassettes) are both well regarded. They are imported by Answer Calls and sold as the Consort and the Commander and may be cheaper from some other outlets.

Other companies with products which are reasonably priced and well supported include Recordacall, Philips, Dictaphone and Abbey.

A real pointer to the future of answering machines as consumer items is that some branches of Boots and W. H. Smith are stocking them.

TEN OF THE BEST UNDER £250

Model	Price	Remote	Monitor	Comments
PANASONIC				
KT-1406	£119	No	Yes	Not available until June
KT-1416	£159	Yes	Yes	Not available until June
BRITISH TELECOM				
Robin	£99.99	Yes	No	Single cassette only
Tern	£245	Yes	Yes	Same as Answercall Commander
ANSWERCALL				
Secretary	£169	No	Yes	Records maximum of 30 mins
Prince	£209	Yes	Yes	
BINATONE				
Phonecorder	£129.95	Yes	Yes	Not very rugged
RECORDACALL				
Micro 1000	£139.15	Yes	Yes	Voice synthesis, made in UK
625AT	£129.95	No	Yes	
675AT	£179.40	Yes	Yes	Remote changing of message

HOW TO SPEND IT

Lucia van der Post

Drawing [illegible]. Lettering Gabriel Izen

Flavours to savour

HERBS: How to buy them—how to grow them—how to use them

WHEN IT comes to Concorde and space shuttles, missiles and micro-chips we may know a thing or two, but if we turn to herbs we're *not* a patch on primitive man. Long before records were kept ancient man could keep himself alive and moderately well by judicious use of wild herbs for food and medicine.

Today I think few of us would recognise more than a handful of the 500 plants and herbs listed by the Greek physician Dioscorides in the first century A.D.; *still less* be able to match the erudition of John Gerard or Nicholas Culpeper, England's most famous herbalists.

But herbs are coming back. Rose and sage, thyme and parsley were never out of favour, but as more and more of us become disenchanted with preservatives and artificial flavourings, a wider range of herbs is being cultivated. Renewed interest in herbs has gone hand in hand with the passion for conservation. Gardeners are keener on establishing (or reviving) old-fashioned herb gardens culling ideas *from* mediaeval "physic" gardens and copying 17th century "knot" gardens. Those with smaller plots to play about with experiment with more exotic herbs than the commonly used culinary ones.

As demand has risen so it has become easier for enthusiasts to buy plants, both rare and everyday. The Herb Society is a must for any real fan—for a fee of £9.50 per annum members have access to information related to all things herbal. For instance, it maintains a list of herb farms and suppliers specifying which of these deal by mail or those offering Herb Society members a 10 per cent discount. It also publishes details of suppliers of dried herbs (should your own plants be less biddable than the gardening manuals imply).

It issues a quarterly review full of learned essays like "*How Shakespeare used herbs,*" as well as more practical matters. For a stamped addressed envelope the society will send members a leaflet with plans and planting instructions for four different formal herb gardens (taken from Alderley Grange, Barnsley House, Claverton Manor and Cranborne Manor).

The Herb Society is at 77 Great Peter Street, London SW1. As it is a charity, the society earnestly asks readers always to enclose a stamp when asking for information to be sent.

If you want what I think is called "hands on" experience, Francis and Lucy Huntington run gardening courses of all sorts at Hethersett, Cothelstone, Taunton, Somerset (tel 0823 54900). There is a two-day "Growing and Using Herbs" course next week (May 14/15), and another one in September (Sept 28/29). There are still some places left for next week—but hurry. The price is £39.

When it comes to buying herbs, several nurseries now send a wide variety of plants by mail.

Hollington Nurseries, Woolton Hill, Newbury, Berkshire, is generally agreed to be one of the best and most adventurous. It sells over 400 different varieties and stocks more than 100,000 plants. Besides 14 *different types of sage, 12 mints,* and no fewer than 38 different thymes, it *now also* sells sweet-scent herbs.

The nursery can be visited every day in the summer from *11.00 am to 5.00 pm.* In winter (October to March) it is closed on *Sunday. It* is well worth going to see the nursery if you can: set in a two-acre walled garden, it has long rows of tender plants under glass, and you can also see a formal herb and patio garden and a water and knot garden. For the illustrated catalogue, send £1.

Suffolk Herbs, *run by* John and Caroline Stevens at Sawyers Farm, Little Cornard, Sudbury, Suffolk, is another interesting company. It sells a vast range of seeds by mail, but plants can only be bought from the farm itself, and only on Saturdays. Besides culinary herbs in great profusion it also has a good selection of medicinal varieties — like Valerian or Arnica Montana (*and the thank for bruises*). For as little as 45p and no more than 60p (the prices of the seeds) you could soon be on your way to a new and fascinating hobby. Send a sae *for* a catalogue.

Down in Dorset there is Silent Woman Herbs, run by Emma Hayter of Coldharbour Farm Bungalow, Bere Road, near Wareham, Dorset. Emma Hayter sells *only* fresh herbs ready to pot out into your own garden: she offers *some 50* varieties. Her specialities are fresh Basil (17 *different varieties*) *and French* tarragon. She will sell by mail.

If you have no room to grow your own it is worth noting that vegetable shops and supermarkets are beginning to sell a wider selection of *fresh* herbs. Waitrose seem best, selling anything up to *16 or 17 fresh herbs* at a time. For Londoners, *Justin de Blanc, at 144,* Ebury Street, SW1, sells between 30 *and 40 different herbs, in pots,* throughout the year; and at 42 Elizabeth Street, SW1, he sells about 10 varieties of fresh cut herbs.

If your herbs are sufficiently flourishing for you to have some left to preserve, most experts seem to agree that freezing is best. Only sage, rosemary, bay, mint, lovage and marjoram dry well—others are liable to turn into dust. Basil, chervil, dill and tarragon all freeze well; so do sorrel and spinach. Either pick *the leaves off at the stems,* put in small plastic bags and freeze; or chop the leaves, mix them with water and pour into ice trays. The cubes can be melted whenever you need them. Leafy herbs like spinach and sorrel can be blanched first, then frozen. Parsley does not freeze well but Arabella Boxer and Philippa Back, authors of *The Herb Book* (Octopus, £7.95), as admirable a combination of charm and authority as the subject requires, recommend chopping the herb, then wrapping it in small, ready-to-use amounts in screws of foil or tiny plastic bags. This way it thaws quickly, and is ready to use immediately.

Lucia van der Post

Dazzling looks for the glitterati

ALTHOUGH SOME designer-made jewellery is astonishingly good value, it is often costume jewellery that turns out to be a poor girl's best friend. Link-up, however, is an honourable exception. It is a bright new young company (consisting of Rhona Sutton who is 22 and twins Peter and Michael Waterman, who are 26) offering an awful lot of dazzle for very low prices. It has set out deliberately to provide strong, contemporary jewellery with a high-fashion look at middle-of-the-road prices.

It specialises in what you might call the witty, wacky *end of the* market, providing just the glittery black tin *bow-tie* to liven up this season's shirts or the dangling shiny ear-rings that are frankly and gloriously fake. *Do not look to the team for* restrained good taste—being noticed is what it is all about.

The drawing here gives a very *good* idea of *some of* the best of its current designs. *Long-drop* ear-rings—twenties style—are made of tin (it's wonderful what they do with this previously despised metal) given an antiqued-silver finish and enlivened with glass stones and a big pink stone at the top, £25 for the pair. More twenties-style shapes in the ear-rings, with the triangular base topped with a large fake pearl—these are £17.50 the pair. The crescent-shaped brooch has a silver-plated look and it is enlivened with crystal and pink stones, £35.

The witty bow-tie is made from black painted tin and is embellished with a few shiny bright glass beads, £9.

Gloriously dangly ear-rings are once again made of tin, *given an antiqued finish* and set with many small imitation pearls, £25.

I have only one caveat about the designs—those with tender pierced ears may find the rather coarse hooks off-putting.

Link-up jewellery, though extremely new, has already found its way into large numbers of department stores including Fenwick of Bond Street and Manchester, Selfridges of Oxford Street, Harvey Nichols of Knightsbridge and Dickins and Jones of Regent Street. It is also to be found in good department stores out of London.

LvdP

Clare Brooks

Gardening

The myth of the window ledge

WRITERS on herbs frequently tell their readers how easy it is to grow them in pots on the kitchen window ledge. I wonder if they have ever tried. Yes, one can grow a pot of parsley easily enough, but there will scarcely be parsley for more than a couple of dishes. One could have a little bay tree — treated rather like a Japanese bonsai specimen — for a year or so, and that could be amusing, maybe of some use, for one seldom needs more than two or three bay leaves at a time. But just imagine fennel in a pot with great thongy roots seeking to delve three feet down. Or wandering mint, going round and round in circles until it strangles itself. Or lovage, which can easily reach six feet if you give it its head.

A window box is a bit more hopeful. If it is a roomy one, it will contain enough soil to give many of the smaller herbs, thyme, marjoram, the basils and the like, *a fair chance of success,* provided they are regularly watered and fed.

A large plant container of the trough type, standing firmly on the ground, is better still. But *best of all is a bed* in the open, even if it can only be a tiny one. There will be contact with the subsoil and constant movement of moisture up and down to keep roots moist, even when one is away from home; and to ensure that surplus water drains away. Plants in the open take far less looking after than plants in containers, though it is sometimes difficult to *say* what makes the difference.

It is because of these uncertainties that it is necessary to prepare container composts with so much precision, whereas almost any soil in a bed can be made useable by cultivation and the addition of peat or manure, and perhaps a little fertiliser.

If a container is the only option for herbs because no open ground is available, what kind of compost should it be filled with? My own choice would be a soil-based compost despite the difficulty of getting one containing enough fibre. The John Innes formula was *specific* about *this.* The loam used must be good and fibrous—which meant full of grass roots partly decayed but with enough structure to keep the soil porous. Nowadays the "loam" is often any soil that can be obtained from road works or building sites, and the resultant compost may settle down into a solid mass after a few months in a container.

The remedy is to add more *peat before using* it. *How much?* That depends on just how "fibre deficient" the compost is. The ideal way is to keep adding peat until the compost, when rubbed between the hands, has a soft, velvety feel. But that takes a little experience so, as a rule of thumb, I would advise adding at least a quarter of the total volume of compost, one bucket of peat to four of compost.

Some of the herbs you will want to grow must be raised each year from seed. Some are herbaceous perennials or shrubs, which can be raised from seed but are probably best purchased as small plants because of the saving in time and the greater certainty of success. Herbs to grow from seed include angelica; the two basils, sweet and bush; borage; carraway; chervil; the pot marigold or calendula; coriander, dill, parsley, purslane, summer savory and sweet marjoram. *Most can either be sown directly* where they are to grow, or in pans in a frame or greenhouse, or on a sunny window ledge in April or May. The basils really need more lime and are better sown in a temperature of 15 degs C (59 degs F) in March.

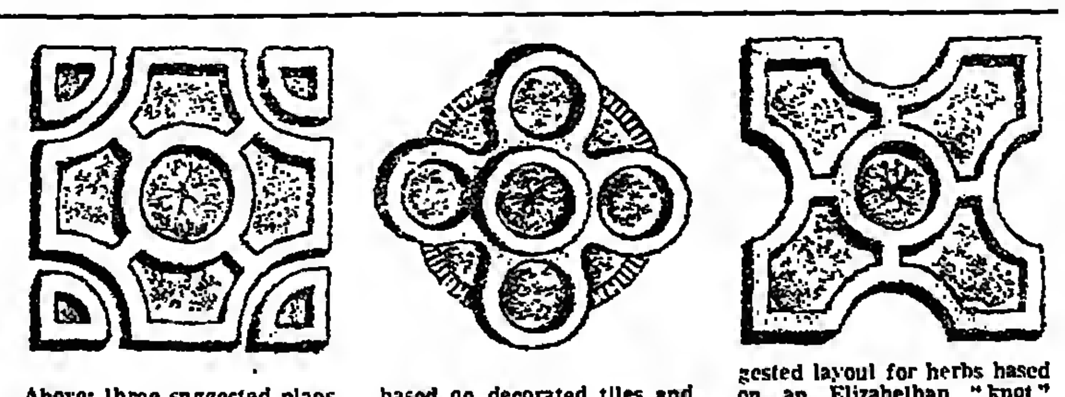
Herbs purchased as plants will almost certainly be supplied in small pots from which they can be planted any time. These perennials include balm, bay, chives, fennel, hyssop, lavender, lovage, pot marjoram, mint, *rosemary, rue, sage* and *thyme.*

Herbs lend themselves to decorative treatment. Chives and parsley make decorative edgings to beds, and so does Miss Jekyll's dwarf Munstead lavender. Thyme can be clipped both as an edging and to make "knots" or compartments, each filled with a different kind of herb. If you want to follow the patterns which early knot-makers used to copy from embroidery you can use green-and-golden leaved thymes to get the in-and-out, under-and-over effect.

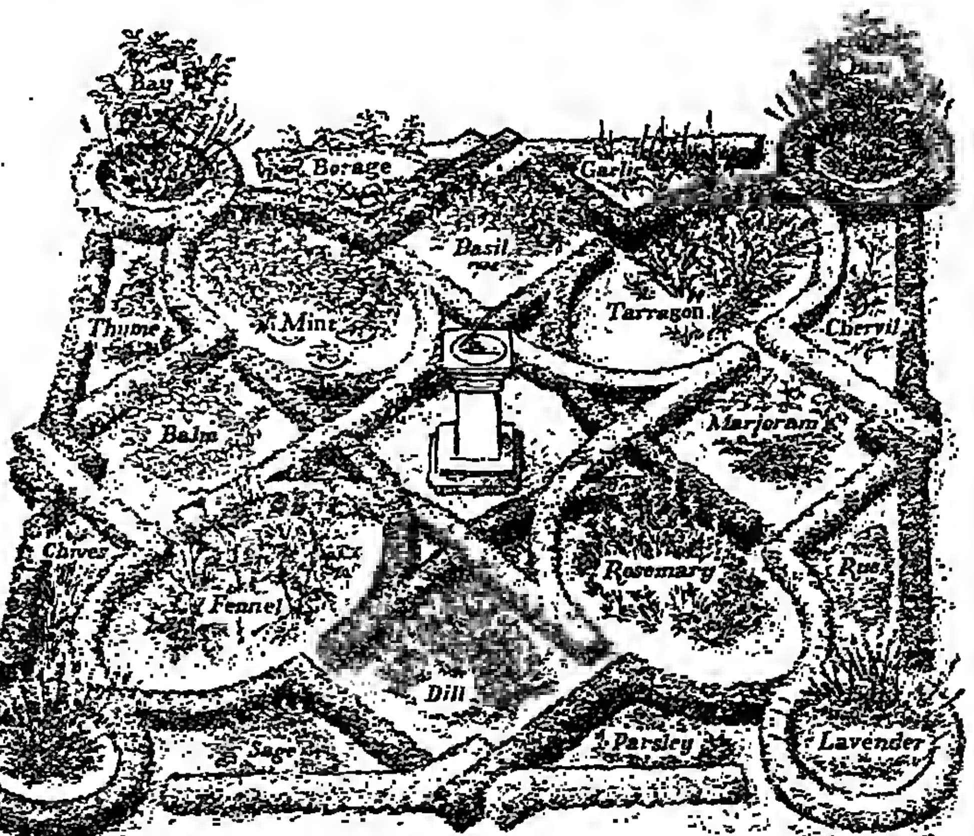
Fennel is delightfully feathery and has a handsome bronze-leaved variety. There is a cheerful golden-leaved marjoram, and several different sages with variously coloured leaves. A white variegated variety of apple mint is available, and also a golden-leaved balm. Some specialist herb nurseries will prepare plans for herb gardens to suit personal requirements.

There is no need to plant herbs separately if you prefer to include them in flower borders; they will mix admirably with purely ornamental plants. Do beware of all mints. Mints can make a takeover bid for the whole place, and really need a place to themselves where they can be controlled with a sharp spade or weed killer. I use Tumbleweed to keep them from straying too far.

Arthur Hellyer



Above: three suggested plans for herb gardens. The middle one is an adaptation of a brick design by Gertrude Jekyll, the two outer ones are based on decorated tiles and are taken from The Book of Herbs by Kay N. Sanecki (£6.95, published by The Apple Press). Below a suggested layout for herbs based on an Elizabethan "knot" garden. Two colours of box-hedging should be used to achieve the inter-locking knots.



Drawings Peter North

Cookery

The joyous taste of summer

THE FRESH green herbs of summer are deliciously different from dried herbs, which have no visual appeal. And the flavours of dried herbs, although more concentrated, seem (with a few honourable exceptions) totally divorced from the real thing.

Dried herbs have to be used with caution. Fresh herbs are for using joyously — and lavishly. They are the cook's best friends, providing the simplest and most effective means of *giving* our *cooking* a welcome summery fillip.

To use herbs meanly is to deny their pleasurable virtues. The ubiquitous single sprig of parsley used to decorate food often seems little more than automatic reflex action on the part of the cook, perilously close to garnishing for the sake of garnishing.

Garnishes worthy of the name make a real contribution to good eating—adding to the flavour, texture and aroma of a dish as well as pleasing the eye—and fresh herbs with their lovely flavours, sweet scents and good looks are admirable for these purposes.

Roast duck and lamb are, for *example,* glorious if served on a bed of fresh mint, handsome and enticingly scented. Best of all, when the joint is carved the meat juices trickling through the herbs produce a *deliciously aromatic gravy.*

Plain buttery roast chicken is similarly irresistible if served on a dish strewn with branches of tarragon, and baked *sea trout* on a bed of fennel or dill. Fried fillets of Dover sole are particularly good if garnished with generous bunches of parsley that have been fried to a frizzly crisp emerald green.

I am wary of recipes that suggest using a mere *teaspoonful* of herbs. Unless the herb is obtrusive (like rosemary), such genteel quantities are almost meaningless and just not enough to give a dish savour.

I am even more wary of instructions to mince or to chop herbs very finely. This ruins their looks and encourages the speedy evaporation of moisture and flavour, reducing them within seconds to a mash about as appetising as old lawn clippings.

Several large spoonfuls or a small bunch of herbs is rarely too much—"a bunch about the size of a nosegay of violets," as Edouard de Pomiane so beguilingly put it—and they should be chopped fairly coarsely so that they retain juicy flavour to bite into.

Basil, mint and rosemary are, however, best treated in other ways. Because the tender leaves *of basil* and *mint* are easily discoloured by metal blades, it *is preferable to tear them* with your fingers. Rosemary is best bruised with mortar and pestle to soften its spikiness.

Taking a *leaf* from their book and abandoning the timid approach, I have discovered that handfuls of parsley make an exquisitely flavoured chicken dish which is perfect for serving on an English summer's day.

To make *lemon and parsley chicken,* first colour four chicken joints, preferably breast meat or thigh, in a non-stick frying pan. Drain the pieces well and transfer them to a shallow dish which will hold *them snugly in a single layer.* Make a sauce with one tablespoon each of butter and flour and a scant half-pint of thick cream. Stir in an ounce or more of chopped parsley, 1½-2 tablespoons thyme (preferably lemon thyme), the finely grated zest of a lemon, four or five chopped spring onions and about quarter of a chicken stock cube.

Bring the sauce back to simmering *point and* pour it over the chicken. Cover tightly and bake at 350F (180C)—gas mark 4(for 75 minutes or so until the chicken is perfectly tender. Serve with tiny new potatoes steamed in their skins and perhaps a salad on the *side.*

Of all foods, salads are perhaps most evocative of summer *eating*—and *they are* marvellous vehicles for herbs, which are shown off to brilliant effect by the gentle flavours of things like cucumber, lettuce, peas, beans, potatoes, pasta and rice.

Old English Herb Sauce is a particularly pretty salad dressing. To make it, pound to a paste the yolks of two hard-boiled eggs and two tablespoons thick cream. Gradually blend in two tablespoons olive oil, *then* two teaspoons of vinegar and a tablespoon each of chervil, chives, tarragon and dill.

Another excellent, speedy and healthy mixture is *Fresh Herb and Tomato Sauce.* Skin 1 lb tomatoes. Put half of them into a blender and reduce to a purée with four tablespoons olive oil, a crushed garlic clove, a pinch of sugar and a squeeze of lemon. Chop the remaining tomatoes by hand and stir them into the purée together with a least four tablespoons chopped parsley and three or more each of mint (or, better still, basil when in season) and chives.

This sauce is perfect for pasta shapes such as penne, and it is one of those useful dishes which is equally good served hot or cold.

As an alternative to incorporating herbs in a dressing, they can be scattered directly over the salad. For example, a few tart sorrel leaves (roll them tightly into a cigarette shape and snip them across into ribbons) and a few whole leaves of peppery rocket (or delicately sweet angelica leaves) make dramatic additions to soft butterhead lettuce or a potato salad dressed simply with vinaigrette. (Incidentally, the inclusion of herbs and the use of good olive oil in a salad mean that very little other seasoning is needed — a point worth noting if you are trying to cut down on your salt intake.)

Spinnets of lovage, with their intense celery flavour, and just a few leaves of pungent eau de cologne mint are another exhilarating combination. Even more spectacular are salads scattered with herb flowers such as the purple oniony heads of chives, cucumbery-cool blue borage flowers, the cress-like petals of red and yellow nasturtium, and the slightly astringent petals of pot marigold. Borage is also delightful sprinkled over a dish of strawberries as that great gardener, John Gerard, advocated, and marigold petals add a glorious finishing touch to rare roast beef mayonnaise.

I have found, for example, that grapefruit sorbet takes on a refreshing new dimension if a handful of mint is included in the mixture. Mint also adds a gentle aromatic savour to an *Egg and Cheese Double Crust Pie* which is just right for summer lunches in the garden:

Line a deep 8½ in pie *plate* with shortcrust pastry. Beat together ½ lb curd or *cream* cheese, 2 oz grated farmhouse *cheddar, five tablespoons each* freshly chopped parsley and *mint, two of* chives, and *some* salt and pepper. Spread the mixture over the pastry base and make four hollows in it with the back of a *spoon. Break* an egg into each hollow, scatter with a little more mint and cover with a pastry lid. Bake at 425F (220C) *gas mark 7* for 40 minutes, covering the pastry with a circle of greaseproof paper if it browns too fast. Like quiche, this is best served warm rather than piping hot from the oven. A tomato salad goes well with it.

Philippa Davenport

Painter in the bravura world of Augustus John

HENRY LAMB: THE ARTIST AND HIS FRIENDS
by Keith Clements.
Redcliffe.
Bristol. £16.50. 305 pages

ALTHOUGH Virginia Woolf, while she was composiog her sympathetic biography of her old friend Roger Fry, assured her sister Vanessa Bell that, "had Bloomsbury produced only Roger" it wonld still "be on a par with Athens at its prime," I doubt if many of her modern readers are likely to agree that drah Gordon Square, around which most of the Bloomshurians congregated, was ever the intellectual equivalent of the Athenian city-state.

Today, our view of its citizens' virtues and vices is much obscured by an enormous harrier of hooks, often the work of earnest American scholars, that already encompasses the *subject*; and we are *some* of us beginning to wish that a moratorium in Bloomsbury studies might before long be definitely announced, and that, once established, it would last at aoy rate until the year 2000, when some entirely new material — *facts and opinions rather than* gossip and love-stories — may perhaps have come to light.

Lesser-known personages, however, who lived oo the outskirts of the group, provide an interesting field. Arthur Waley, for example, the brilliant translator of *Chinese and Japanese* texts, whose name seldom occurs in Virginia Woolf's diaries—and, where it does, is usually accompanied hy a slight subacid sneer—has not yet had the biography he deserves; while Henry Lamb, though he immortalised *Lytton Strachey*, has been similarly neglected. Keith Clements is his first serious full-length biographer. The artist was last described some six decades ago, hut then in a slim volume, consisting largely of plates, which he himself regarded as "a very premature affair."

Henry Lomb: The Artist nnd his Friends is a thorough-going survey of the artist's work and life *against* the backgrouod of the period. The son of a professor of mathematics, he deeply detested his birthplace —he was "in no hurry to go to Manchester", he wrote during his middle-age, since It would involve "a return to my *greatest* and *most* selsmatic vomit"; and, having attended the nearby medical school, he seized the earliest opportunity of escaping to London, where be met Augustus John. The handsome young Welshman's arrogant bravura, "painterly panache" and bold opinions on art and life immediately appealed to *him*; and his earliest and best drawings show the strength of John's example. Two are reproduced here — a splendid self-portrait that gives him the look of a Renaissance satyr, scrutinising beoeath arched eyebrows ao attracrive local nympb; and a delicate impression of the girl, Nina Forrest, renamed by her admirers "Euphemia," whom he was very soon to marry.

Euphemia turned out to he a femme fatale of a particularly difficult and dangerous type; but she was also an unlettered goose, as painters' wives and mistresses have often heen; and Virginia Woolf, always fond of ohserving and ridiculing her inferiors, has left a *vivid* record of her conversatioo:

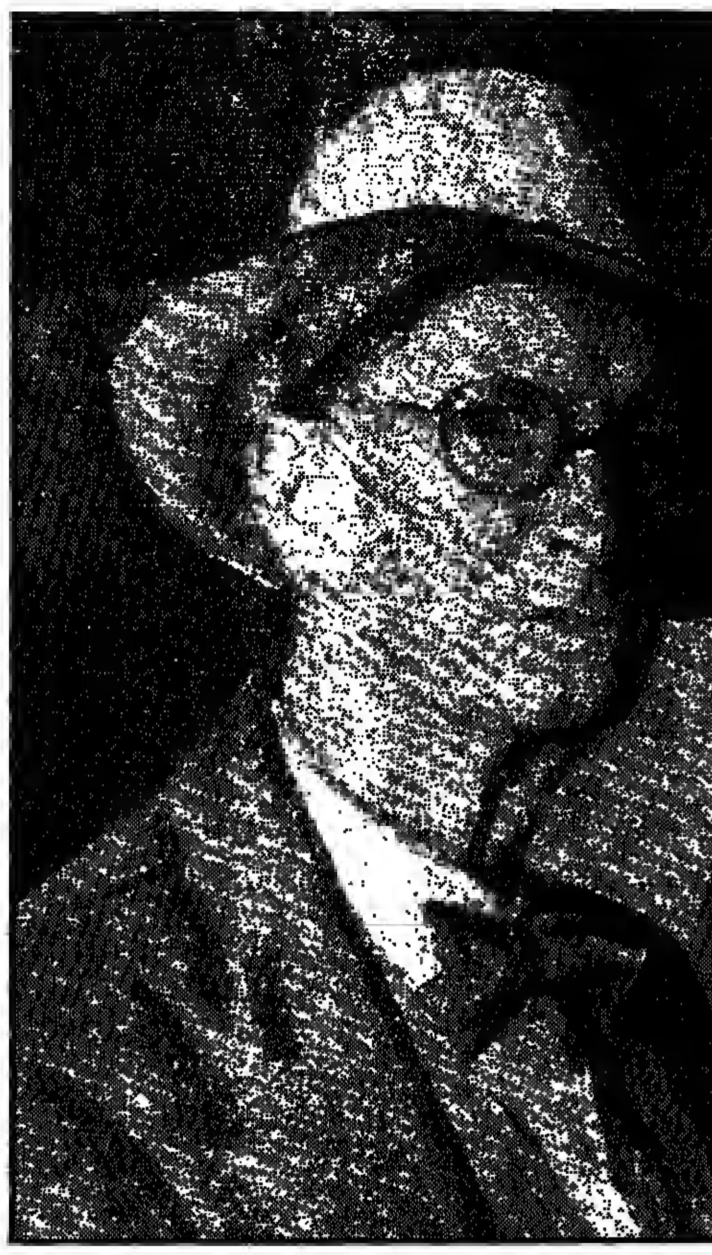
"Well, Nina, Are you married?" Nina: "Oh no, I'm not married. That is I am married. I think I was married yesterday, and I was so hungry the whole time, and I had a *new* hlouse, and a cake."

Once Euphemia had vanished, she was replaced in the *artist's* affections hy a series of somewhat more distinguished loves—Rupert Brooke's Dulcinea, Ka Cox; the famous Dora Carrington who became his favourite confidante; the still more celebrated Lady *Ottoline* Morrell, to whom he addressed passionately romantic letters, headed "Dear Spouse" or "My angelic mother"; and Augustus John's wistfully decorative wife. The last, we learn, was a relationship that her hushand had originally encouraged, because he imagined that *poor* Dorelia flourished "under Henry's 'sunny influence'," hut afterwards led to a hreach which was never completely healed.

Lamb himself inspired love; and one of the strongest passions he aroused was in a memher *of his own sex*, the endlessly amorous and flirtatious Lytton Strachey. It was unreturned; the artist's inclinations appear to have heen resolutely heterosexual. But be was fond of the writer, enjoyed his companionship and was evidently not averse from *teasing* him, with the result that he painted the admirahle picture that now bangs on the walls of the Tate Gallery, and is half an *affectionate* tribute to his friend's eccentric charm and half a caricature. That canvas and his portrait of Evelyn Waugh in 1930, when the young novelist was still completing *Vile Bodies*, slender, bright-eyed, wearing a rough tweed coat, smoking a large pipe and holding a glass of Guinness, are *undoubtedly his masterpieces*.

Keith Clements divides his attention between his subject's professional gifts and the artist's high-strung personal *character*. Lamh was never an easy-going or invariably good-tempered man. Of his executive talents there can be no doubt; if not what is called "a great painter," he was certainly a fine technician. But his character had a conteotious, aggressive side; he is *described* as having a sharp "waspish" tongue, and frequently quarrelled with his former friends.

Towards the Bloomshurian group, apart from Lytton Strachey, the attitude he presently adopted was critical and even *hostile*. "I get *suffocated* by those people," he declared; and, on a visit to the South of France, he announced that, although the place itself was agreeahle eoough, "the skeletons of several dreary Rogers and other Bloomshury wraiths dancing in company" across the scene incessantly distracted him. For Duncan Grant he had very *little* use. *Clive* Bell he heartily despised; and the aesthetic doctrines of "the Clive-Fry coalition" he indignantly rejected. Among his fellow artists, he was most attached to Stanley Spencer, though Spencer's constant demands for advice and sympathy, "perennial preoccupation with his own problems" aod egocentric "bahhling and seething" were often hard to hear.



Henry Lamb—a self-portrait

Every reader who is interested in early-nineteenth-*century English art will* appreciate the wealth of information, accompanied by many admirahle photographs, that Lamb's hiographer has crammed into his pages. The hook's chief defect is the author's prose style, which is apt to hecome annoyingly awkward and diffuse. He presents, nevertheless, despite these shortcomings, a life-like portrait of the sitter, and casts some illuminating sidelights on the background of *the period*. It was a hopeful, enthusiastic age. Lamh's contemporaries genuinely believed that they were laying the foundations of a second Athens. They were disappointed, we know; but in 1985 we are bound to envy the high-spirited optimism with which they set about their work.

Peter Quennell

Cambridge Russian who went home

KAPITZA, RUTHERFORD AND THE KREMLIN
hy Lawrence Badash.
Yale.
U.P. £2.00, 127 pages

PETER KAPITZA was a young Russian physicist, who came in 1921 to the Cavendish Laboratory in Cambridge to work under Rntherford, though not on nuclear *physics*. His work was concerned with the effect of intense magnetic fields on matter at low temperatures. This work needed equipment which, for the time, was unusually heavy and expensive; it was the natural area for a man like *Kapitza*, who, besides being a first-rate physicist, had an engineer's training and outlook. Kapitza's approach differed from Rutherford's "string and *sealing-wax*" methods, but he gained Rutherford's support, which led eventually to a special laboratory, the Royal Society Mond Lahoratory, heing huilt for him.

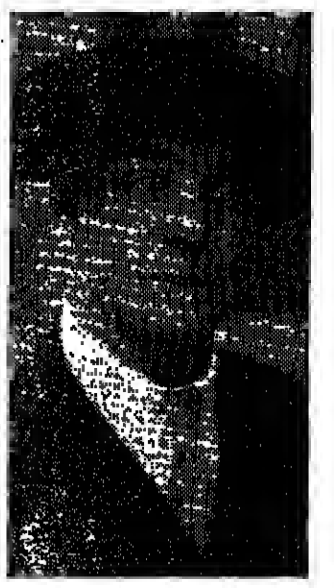
Kapitza seemed to be a fixture in Cambridge, as a Royal Society professor, a *fellow* of Trinity College and later a Fellow of the Royal Society. He created the "Kapitza Club," for many years the physicists' main *discussion forum* in Cambridge.

All this time be remained a Soviet citizen, and intended ultimately to go home when his maturity as an individual and conditions in his country made this seem opportune. He returned most summers to Russia, and he seemed to have the unusual privilege of coming and going without formality, a privilege granted to few people other than diplomats and government officials.

It was therefore a great shock to Kapitza and to his Cambridge colleagues when at the end of his 1934 summer visit to Moscow he was told that he could not leave because the Soviet Union needed him. The next *12 months* or so *form the* period described hy Lawrence Badash, after a hrief sketch of *the* background. Although his book, *Kapitza, Rutherford ond the Kremlin*, spans only this short period of 1934-35, it is of absorhing interest to anyone *concerned with the* freedom of science, the fate of the individual scientist, or the conflict between international relations and national needs.

Rutherford's first reaction was to try personal appeals to the Soviet authorities to change their mind, and only when this did not hring any results to make puhlic protests. Finally, when all this failed, his efforts concentrated on getting reasonable working conditions for Kapitza in Moscow, including the transfer of his specialised equipment.

Kapitza's wife Anna had returned to Cambridge *to her* children, and there was an intense exchange of letters with her husband. Anna passed many of his letters to Rutherford, presumahly in her translation. Extracts from these letters *form* the core of the book. They make a fascinating



Kapitza on degree day

story revealing at first hand Kapitza's reaction to events.

He was in general a supporter of the Soviet regime and approved of its efforts to raise standards of education, science aod industry. But he was indignant about the peremptory way in which he had been treated and about the hureaucracy. Kapitza *did* not see how he could continue his work in Moscow, not only because of the shortage of equipment and qualified help, hut mainly hecause the authorities did not seem to trust him. He complained that, while a reorganisation of the Academy of Science was being discussed, on which be was qualified to make constructive suggestions, his advice was not asked for, and when offered was ignored. He insisted for a time that he would do no more physics, hut would learn *physiology*, for which no large equipment was required.

Eventually they decided to build a laboratory for him in Russia and his Cambridge equipment was *transferred* or *copied*; two of his Camhridge staff were sent to Moscow to help get the new laboratory started. He then settled down, and developed the laboratory into a centre of excellence, and he did work there for which he was later *awarded the Nobel Prize*.

The letters are accompaoied by full notes explaining the episodes and people mentioned in them. Other sections describe the situation as seen from Cambridge, and speculate about the motives of the Soviet authorities for their action, which was possibly hased on an over-estimate of what Kapitza'a engineering genius could do for the country's industry. On these latter questions there must, of course, remain more uncertainty than about Kapitza's or Rutherford's views, even in the hands of a historian of the standard of Prof Badash.

The hook makes fascinating reading, and it is a pity that the costs of publishing now make the price of such a slim volume so high.

Rudolf Peierls

When Reuters changed hands

THE PRICE OF TRUTH: THE STORY OF THE REUTERS MILLIONS
by John Lawrenson and Lionel Barber.
Mainstream. £6.95, 192 pages

HERE it all isn't: the full story of how the far-sighted managemeot of Reuters achieved its brilliant success in spite of its soporific Board; the extent to which luck bore them along; the inner workings of *the* now fabulous Monitor service; a true understanding of the international markets that were first served and subsequently enhanced by the uhiquitous Reuter screens; the explosion on to the rich quarter of the globe, and beyond, of an entire new industry, hased upon communications technology, that is creatiog jobs and wealth beyond the reach of earlier new communications industries, such as the canals, or the railways.

Now you and I know the bare bones of *all this because* we've read about it in the newspapers. I for one would like to know a great deal more. If one has the faintest interest in the roots of the growth of major enterprises within a capitalist economy the full story of the development of the modern Reuters should at the least be *instructive* and at the most fascinating. Alas, what we have here is a failure to instruct, a promise to fascinate and a tendency to disappoint.

For a start, two-thirds of the book is ahout the period before the Monitor. The origina of the news service, in a commercial cable network linked by pigeon *post*, and the *subsequent* years of balance-sheet hriokmanship as Reuters grew to hecome a cheap form of gathering foreign news for British newspapers (subsidised by the Commonwealth press), are sufficiently recounted elsewhere. The war years, during which a little bit of the agency's virginity was traded for a Government handout, are portrayed in sharper focus than heretofore, since these pages do show evidence of a diligent dig in the official archives.

The interesting third, *the* ooe to which the tendentious title of the hook beckons us, had to be produced, as the authors confess, with "no access to any Reuters archives." The handicap might have heeo at least partly overcome had the traditional tools of interview, cuttiogs, other published work and occasional titbit of leaked or new information been more skilfully used.

Leaving aside the frequent solecisms, the absence of investigative persistence *(surprising in such* a colour-supp piece of work), and the spattering of sheer nonsense ("Competition from the French and the American agencies meant that wholesale buyers like the Japanese or the Indians were able to squeeze subscriptions to levels which bore no relation to the going rate in the private sector"), the fundamental flaw is that the authors do not appear to know what they want to say.

Should Reuters have remained a simon-pure news agency, untainted hy its commercial service? Was it right to develop the Monitor? What the managers did, and the consequent enrichment of some of them, should be a matter of steady analysis, not for, half-envious reportage. Nobody douhts the greed of newspaper proprietors, he it greed for power or sheer acquisitiveness but the puzzling is what is ... offer the best service in ... the henefit to employees, or shareholders, or the world husiness community?.

Where the authors do seem to have asked themselves questions of this kind they appear to have come up with conflicting and disjointed answers. The trappings of *the book*—its sub-title, its chapter-beadings, and the rest—suggest deep disapproval of the Reuters sale, hut the penultimate paragraph says straightforwardly that if the agency is to build on its tradition of accurate reporting it needs the money to do so. It will continue to *make this money* "so *long as* it successfully sells useful information that enahles businessmen to trade profitably." We knew that, too.

Joe Rogaly

Mayhewgrams arrive

ONE FAMILY'S WAR
edited hy Patrick Maybew.
Hutchinson £10.95, 237 pages

DURING the second world war a Norfolk family, the Maybews, together with their cousins, the Howarths, devised a novel form of communication. In September 1939 they started what they called the Budget, by sending letters from all corners of Europe and the U.S. to Lady Mayhew at their family home in Felthorpe. She, in turn, copied them and distributed them among family members.

"The main thing seems to be that we're all looking for personal news of each other more than almost anything else," Lady Mayhew wrote in her letter introducing the Budget.

Now these letters, or rather parts of them, are given wider currency in *One Family's War* edited by Patrick Mayhew, former headmaster of the Thomas Delarue School, with an introduction by his brother Christopher Mayhew, the Liberal peer and spokesman on Defence. They form an absorhing compilation.

We hear about the monotonous days of the Phoney War *followed in stark contrast* by Dunkirk and the Battle of Britain. The Mayhew family determined to keep in touch with each other while experiencing a mass of conflicting emotions in those dark days. We learn how the family house was *turned* into *a hopsital* and the other changes the war hrought about.

By 1942, the war seemed to have lost its early excitement and challenge and the tone of the correspondence changes as the family came to terms with rationing, shortages and the misery of blackouts.

Despite varying fortunes, the letters continned to reach Norfolk throughout the remaining three years of the struggle.

Somehow, like many other scattered families, the Mayhews succeeded in maintaining familiar links and values. Here is *Uncle Bertie*, at the end, reporting on local celehrations: "They burned Hitler, complete in coffin, on a bonfire . . . I preferred the BBC concert: it is a pleasure to hear Land of Hope and Glory done full blast and really well."

Andrea Fey

FICTION

Missing lawyer and a friend in need

BLOOD FOR BLOOD
by Julian Gloag. Hamish Hamilton. £9.95. 302 pages.

STANDING INTO DANGER
by Desmond Briggs Secker and Warburg. £8.95. 218 pages.

ELIZABETH AND ALEXANDER
hy Antony Lambton. Quartet. £10.95. 415 pages.

MODERN COMMON MIND
hy Don Bloch Heinemann. £9.95. 234 pages.
CC M/C 28 CM2-5 W/END

BLOOD FOR BLOOD, besides being Julian Gloag's best novel yet, must be one of the most shrewd and intelligent books published in this decade.

Essentially, *Blood for Blood* is a story of self-discovery. The first-person narrator, a serious writer who has met with such defeat in his life that he has been forced into productions unworthy of *his sensibility* (and he feels this keenly: some of the best passages in the novel are given over to his evaluations of the dullness and banality of contemporary life), has to enquire into the circumstances of the murder of his friend, a successful harrister — *a man* he felt to be liberal, generous and humane. In the course of this he learns about *himself*. He also meets a number of interesting characters — one of them, the most memorable, being the sinister and snobbish mother of the victim.

But no summary can convey the extreme intelligence of this text. Gloag manages to ask as many pertinent questions about the authorial role as any more experimental novelist. It is just that we are not used to looking for profundity in novels that look "traditional." Indeed, *there are many areas for* which the traditional frameworks of fiction are no longer valid. But Gloag is fully (if unobtrusively) aware of this problem. *Blood for Blood* is full of subtleties, and many of them are in its superbly well judged dialogue. If this wise and moving novel does not gather up at least one of the prizes for fiction then there is something seriously wrong.

Standing Into Danger is popular fiction. But of its sort it is good: it does not pander to the corruptions it attacks. This is a tale of tycoons, ship insurance and treachery in the financial world. The "saved character" (as once Northrop Frye so well put it) ends as a happy newsagent unable to give insurance advice to a customer . . . The writing is admirably clear, and everyone (including, at times, the "saved character," who may not be spotted until *the final pages*) is uniformly disgusting.

There is a great deal of expertise in the portraits of the two magnates who dominate the book. It is so readable that one wishes that there were more depth. Doubtless the world of insurance is like this (or is it?), but surely such people as Briggs describes *must* at least pretend to have decent feelings? And, pretending, find themselves at last in the position of Beerbohm's Happy *Hypocrite*: that they are like the masks they wear. I hope so for my house's contents sake . . .

After the admirable pastiche of Anthony Lambton's collection of short stories, *Snow*, this novel comes as a disappointment. *Elizabeth and Alexander* is yet another version of the story of the two sisters who married the Grand Duke Serge and the Tsar Nicholas respectively. Lord Lambton has even made some conjectures, based on hitherto untranslated evidence, about the fate of the Tsar and his wife. This is competent stuff; but when one is dealing with a lucubrated subject of this kind one requires more, alas, than competence. Some of it is tedious, and some of it is clumsy. But I think that readers who enjoy long painstaking reconstructions will like it well enough.

Don Bloch, a New Yorker who has written three previous books, has tried to recapture the voice of the real African storytellers, called in Senegal *griots*, of whom the most famous reproducer is the Senegalese Birago Diop. This is a story, though, of East Africa, of the Wanga, and of leprosy and how its victims view it. The Tiema were great healers, but were themselves cursed with the disease too terrible to be spoken by name. It is a noble effort, and has resonances which reach far beyond its subject. It is successful in conveying to us the manner in which the Africans make a metaphor of the terror which threatens them; less consistently successful in its style, simply because the author is not African. But it was well worth a try. An unusual book, and recommended.

Martin Seymour-Smith

Burgess among the damned

THE KINGDOM OF THE WICKED
by Anthony Burgess.
Hutchinson. £9.95, 379 pages

"NEVER despise the casual," remarks the risen Christ. "No trumpets, except in that sunset over your shoulder. There is *something Roman about* a sunset." So, a moment later, hreaking bread and pouring *wine in the first communion* at Emmaus: "It is all quite simple. Believe, when you take hoth, that I am in them."

A page or two later he *saunters out towards his* Ascension, and Anthony Burgess's long novel is only 20 pages old. The blur of slight surprise, amusement, and interest one may feel at this underplayed brush with divinity is an authentic Burgess effect. *Whatever you think of the man's* novels, he has provoked us, shifted a perspective or two, and written with repeated nerve and panache. *The Kingdom of the Wicked*, flaunting so commercial a title and flicking that laid-back Christ across our vision for *a few* first pages, seems to promise more such successful ring-mastery. With Peter, Paul, Tiberius, Caligula, and Nero still to come, expectations are awakened.

What follows is not exactly casual; but it is, in comparison *with Burgess's earlier tours-de-force*, surprisingly one-paced. It is a historical novel alternating the travels and tribulations of some early Christians with case-studies of special nastiness in Imperial Rome. Written as part of the preparation for a *television series*, it seems abundantly researched and it presents efficiently a large cast and a variety of Mediterranean settings. It gets no further than other historical fiction in solving the problem of dialogue. Burgess opts for the modern-idiomatic: "Saul said: 'Excuse me, officer — he's a little over-wrought.'" This will not really do; yet has anyone come up with anything much better? If you are accustomed to historical novels you may find this a pretty well-written one. Enthusiasts of Anthony Burgess will tend to expect more.

There is no real illumination, either of wickedness or of the Christian zeal. Both Christ and God are harshly absent (the narrator is an ailing, grumpy Roman in the time of Domitian, and no Christian). Paul is, at times, dogmatically present, but as a hard case in chains rather than a radiant writer and teacher. The narrator does not, I guess, mean to be, like Christ, casual. He does, however, helieve his material to be so intrinsically interesting that his reader is bound to follow, provided he throws in an *occasional* ambiguous aside. ("This is, all of it, quite disgusting.") But he has nothing truly to *say* about it. Towards the end, perhaps in an attempt to disarm, he admits it:

"What can one say of this Rome except that it was in great need of moral redemption and that it had missed its chance? And what can one say of the corruption of the *present* writer, who admits to a gross fascination in the recording of bloody misrule and a certain reluctance to return to the lives of small people who sweep, bake bread, make decent marital love, perform their *humble* dnties to the community hut raise yawns more than admiration when they become matter for a book?"

As to that last: it depends, of course, *what makes you yawn*. As to Anthony Burgess's particular narrator, he knows best why he chose him.

Jim Hunter

CRIME

AN UNKINDNESS OF RAVENS
by Ruth Rendell.
Hutchinson £8.95, 269 pages

AS a rule the Chief Inspector Wexford novels of Ruth Rendell are more normal than her other thrillers, where psychoses are very thick on the ground. True, some of the characters in this latest instalment in *the* Wexford ethos are hadly in need of therapy; hut for the most part, the *plot* unfolds among everyday events: tennis matches, trips to the National Theatre, birth and—of course—death. Wexford is at his most amiable, and his creator *has* surrounded him by a nicely varied cast. Ruth Rendell's latest non-*Wexford novel, The Tree of Hands* (also Hutchinson), is one of her best, a strangely quiet, domestic story in which various households, very different and separate, are *imaginatively* linked.

A DYING FALL
by June Thomson.
Constable £7.95, 224 pages

In June Thomson's last-but-one her DCI Finch fell—or rather glided—into love and came perilously close to popping the question to a no-nonsense lady MD. His muted romance has mellowed him, and sharpened his already keen intuitions. He exploits this increased *sensitivity* in dealing with what seems an all-in-the-family murder. The murder—and the story and, indeed, Finch himself—prove more complex than they *first* seemed.

William Weaver

Tales told with passionate intensity

Alastair Muir

Audience participation at the Nativity scene in Bill Bryden's National Theater productinn of "The Mysteries"

NEXT WEEK, the National Theatre's three promenade *Mystery Plays (The Nativity, The Passion, and Doomsday)* trasfer from the Cottesloe to the Lyceum Theatre in the Strand for a 12-week season. that might seem a long time, but if you are one of the many who stood for hours queuing for a ticket at the National (and didn't get one) you'll be down at the *Lyceum box office* in a flash. The question is *why? such a popular success?*

Watching the rising excitement of the audience night after night — thelaughter, the singing, clapping and dancing, the wonderous childhood fun of it all — you have to ask what is happening? There is no doubt a tranformation takes place; not just within each person, as we might expect from fine theatre, but also in relations between people, as in the ritual celebrations of long ago. Where else could you find a clergyman, kids, parents, teenage punk and normally disaffected intellectuals clapping as one to the beat of a brass band, following a hearse, and all singing lustily that "the soul of a man never dies?"

There is no audience in the old sense of the word: there is a crowd, jostling, bewildered, into realising that it is the crowd of the 15th or any century, both witnessing and taking part in the drama.

These are tales we all know as literal or symbolic truth, but they are told here as universal through the ever-present humanity of the 15th-century craftsmen and labourers from York and Wakefield who wrote and acted these versions of their faith in the simple, direct language with which they lived and worked, each according to his craft. So the Shipwrighters' Guild wrote the Building of Noah's Ark scene, the Fishers and Mariners the Flood, the Bakers the Last Supper, the Butchers the Death of Christ, the Nail-makers the Crucifixion. They were helped by local dramatic poets, among them the "Wakefield Master" of Mac the Sheepstealer fame, and the "York Realist" of the crucifixion scene; and the whole cycle of plays was performed on the day of Corpus Christi in a procession of carts around the town, beginning with *The Nativity* and ending with *Doomsday* at night.

Consequently, we never lose the sense of one story acting upon another: "Bury me in Wakefield," cries Cain, braoded suddenly outcast not of the world alone but of his own loved village; and this creates a drama not simply of two times or characters playing off each other, but of two distinct realities made transparent to each other, becoming one.

The Theatre has become a cavernous smokey gloom, lit with tiny red and orange lights flickering on and off like Christmas candles or Aladdin's cave, and you are caught in an atmosphere of enchantment where, as in fairyland, anything can happen. Here, Adam and Eve come literally crumbling out of the earth, and Satan turns into a leaping snake in a trice with a hissing rattle for a tail. A slight flapping of an umbrella practically shows you a dove flying out of the hands of Noah's wife, and back again.

Much of the magic of these plays depends on your longing to be, as it were, inside them: after a while, to be part of the crowd is not enough. Like children told a favourite story for the first and 100th time, you want to rush forward and seize the butcher's knife from Abraham, or wake the Apostles in the garden before Judas comes, or touch the flesh of Jesus with Thomas. Everything in the production seems designed to keep you in this state of passionate intensity — the surprise, the startling moments of horror, the jokes, and especially the music and songs of John Tams and the Home Service Band.

And of course, there are the driving rhymes and rhythms of the poetry itself, so much a part of the characters who speak them that you forget you are listening to language in the making. Tony Harrison's brilliant adaptation has opened up to the contemporary imagination our own medieval heritage, formerly accessible only to specialists. By leaving untouched so many of the Middle English words unfamiliar to us, he makes us respond to the language instinctively at a pre-verbal level where we register frequently not the literal meaning of the words but their force, sound and primitive *feeling*. Again, we are back to the world of playful and total participation.

The GLC has offered a grant of £375,000 which will allow the Cottesloe to re-open from this autumn until next April; but after that something will have to be done to save the most exciting theatrical company in Britain.

Juliet Cashford

Records/Book review

Golden glories deserve better performance in tercentenary year

HANDEL: TAMERLANO
Mieke van der Sluis, Isabelle Poulenard, Henri Ledroit, Rene Jacobs, John Elwes, Gregory Reinhart/Lan Grande Ecurie and La Chambre du Roy/ Jean Claude Malgloire.
CBS 13m 37893 (three records), also on cassette
HANDEL—THE MAN AND HIS MUSIC
By Jonathan Keates.
Gollancz, £12.95
HANDEL
By Christopher Hogwood (with chronological table by Anthony Hicks).
Thames and Hudson, £12.95
312 pages

IN THE HANDEL tercentenary year, one wish that seems unlikely to be granted is for more really first-rate recordings of the Italian operas. The representation of these works on disc is no longer as scanty as it was even a decade ago (though important boles remain to be filled); but those issues that can be admired for quality of performance as well as of work performed continue to be sadly scarce.

The new *Tomerlono* is a case in point. The work itself, from the middle of that golden period in the 1720s that also brought forward *Rodelindo* and *Giulio Cesore*, is one of the greatest Handel operas—a work to thrust at those poor souls who continue to equate Italian *opero seria* (even at its best) with canary-fancying frivolity, a drama of characters memorably defined by their music and of sustained tragic power and passion in their interaction. It has been recorded once before (in 1970, in Copenhagen—issued here in 1976, out of the catalogues soon afterwards). That was a decent, far from fully worthy account of the opera; in most ways, the new CBS album is even less recommendable.

For one thing, it is far less complete. As with most Handel operas — most 18th ceotury operas, indeed — given more than a single season of performances, *Tomerlano* has a complicated textual history; and in later revivals Handel himself was prepared to cut some of its glories ruthlessly. But in squeezing the work into six sides (*vide* the eight of the 1970 set), CBS sacrifices an unforgiveable amount of wonderful music — towards the end, with recitative ever more coptously exercised, simple narrative clarity tends to disappear as well.

More important, the singing is just not good enough. Virtuoso singers are the most significant feature of any Handel recording, as they were in any of Handel's theatrical enterprises. For the King's Theatre first showing of 1724, he gathered for himself a stellar collection.

Their 1985 counterparts come, in the main, from the cloistered, untheatrical world of continental Early Music of the "authentic" persuasion. John Elwes, as Bajazet, is the best of them: small of stature but true in style and sound, with at least some inkling of the tragic grandeur of the role as manifested in, for instance, its awesome, vocally jagged suicide scene. The *secondo donna*, Irene, and bass confidant, Leo, also receive fairly competent treatment from Isabelle Poulenard and Gregory Reinhart. But from this level to the small, tight flutings, not always in tune, of Mieke van der Sluis' Asteria is a drop; and bence to the diverse vocal discomforts (which have at least poor intonation also in common) of the two leading countertenors is a further drop. René Jacobs, the Andronicus, probably divides taste more sharply than any other similar singer before the public; I must own to finding his curdled tone and hole-in-the-middle phrasing a kind of aural torture.

By such pallid, variously unpleasing avatars of Handelian vocal delight the cause of "authenticity" is not convincingly promoted. Nor is it by the conductor: though Malgoire has managed to purge his notions of Handel executive style of some of their wilder eccentricities (as demonstrated on his CBS *Rinaldo* and *Serse* recordings), orchestral articulation tends to the weedy and colourless, and rhythms and tempos are not always well judged to situation, character, and vocal *tinta*. Is this, in sum, a *Tomerlono* to be avoided, worse than none at all? I would not assert as much; for, despite all hazards, something of the work's "flavour almost of Shakespearian tragedy" (Winton Dean's phrase) contrives to come through. But it's a big disappointment.

★

Tamerlono itself can be used to provide an acid test. Jonathan Keates' book devotes three lively, fully engaged pages to the work, showing himself aware of its special features, its remarkable *coups de théâtre*, its "spare, bare, dark, indoor world;" and, in addition, placing it with precise management within his larger Handelian tale. There are two tiny mentions of the opera in Hogwood (on pages 85 and 101), both confined to fact; what sort of Handelian creativity was involved in its production, and how it stands in the theatrical canon, are matters entirely avoided.

This example can easily be repeated. Go to Keates with a particular work in mind, and invariably you find a real *response*; go to Hogwood and you get the facts, all the facts and (for the most part) little other than the facts. The latter is, therefore, not a useless addition to the student's library shelf; its layout is elegant, pictorially generous, and the interlarding of the text with relevant quotations is neatly done. The admirable concluding chronological table by Anthony Hicks might well come to be proved the part of the book most regularly referred to.

But it's Keates who stirs the reader's senses; I would particularly recommend him to the music-lover, new to Handelian enthusiasm, who wants to know what it is in the music that inspires such extravagant devotion in its admirers. This is a self-admitted "compilation rather than an original contribution," by a self-confessed non-musicologist. It is not, like Julian Budden's massive examination of Verdi, a study which opens whole new avenues of thought and approach (as Winton Dean's famous investigation of the Handel oratorios has done, and as his long-awaited coming examination of the operas is likely to do again). But Keates's enthusiasm for his subject is detailed, broad-based, and infectious, and the book as a whole is a pleasure to read.

Max Loppert

Saleroom

Not so poor man's porcelain

A RATHER gruesome pair of Staffordshire pottery figures depicting a European woman being devoured by a lion while her black servant is eaten by a tiger sold for £12,100 at Bonham's yesterday to the dealer David Newbon.

It is quite an extraordinary price for Staffordshire figures, those knickknacks turned out by the many million in the potteries of Staffordshire, and elsewhere, from the mid-18th century and for the next two hundred years, mainly to brighten up the humble homes of the poor. They were known as "image toys" to Josiah Wedgwood, were regarded as chimney ornaments in the early 19th century, and dismissively described as "poor man's porcelain."

They have been collected for years; but suddenly prices, especially for the earlier figures of naievity and charm, have moved rapidly upwards. This is mainly because of American buying in the past two years, and the scarcity of certain models.

Bonhams expected a good price for the pair sold yesterday. They are extremely rare; undoubtedly made around 1830 by the Burslem potter Obadiah Sherratt. Sherratt is currently the most desirable name among Staffordshire figure makers: Bonhams recently sold his model of Wombwell's menagerie for £23,200, a world record price.

Not surprisingly, it attracted onto the market other Sherratt figures; a slightly smaller version of the menagerie made £13,200; a third, in a poor state, acquired only five years ago for £6, went for £6,600.

Another Sherratt figure, known as "Grecian and daughter," showing a chained and manacled Cimon being aided by his daughter, was bought for £2,310 yesterday. A few years ago this particular model was regarded as an unpopular subject; pieces sold at auction for less than £500. Suddenly the maker's name is all. Yet no buyer was found for a mantel ornament in the shape of a clockface with the awesome message, "Prepare to meet Thy God." Collectors are still seeking charm rather than instruction.

But while certain makers have caught the imagination the great mass of Staffordshire figures still sell for £30 and upwards. Discernment and advice are essential. Fakes abound; a model first produced in 1850 could still be appearing a century later. Only an expert will be immediately aware of the date of manufacture.

In practice the market divides into many specialist areas. Some people collect Victorian figures of personalities of the age—on May 21, for example, Sotheby's is selling a model of General Booth which might make £400 (double the price of five years ago). Others concentrate on the earlier bocage scenes of lambs and shepherdesses, deer and gardeners, which ape the contemporary porcelain creations of Chelsea and Derby—three such groups in the manner of Ralph Wood, the younger, (another sought-after maker) sold for £1,450 at Bonham's yesterday, at the lower end of their estimate.

Then there are Toby jugs and religious scenes, like Abraham preparing to sacrifice Isaac; pieces making political points, such as dozing parsons and Napoleon caught in the grasp of the Russian bear. In fact, all the burning *issues of the time* were expressed in Staffordshire figures.

Staffordshire figures will never merit a black-tie, evening auction in the glare of television cameras, but they remain one of the few sectors of the auction market in which the average reader could build up a *decent collection for £1,000.* The post 1850 flat-back waves are unlikely to appreciate rapidly, but as figures get steadily *rare—disappearing* into collections—so prices are likely to maintain *their overall* slow but steady rise. With the rarer models, and figures of the 18th century, enjoying a more spectacular *appreciation*, *Tittensor*, Walton and Salt are names to *look out for*, but *quality* and rarity and provenance are all-important.

Disaster in NYC

The danger of offering works of art to the market within a few years of acquiring them was demonstrated at Christie's in New York on Thursday night. What was billed as the most important auction of Old Master paintings in the U.S. for many years proved a disaster.

Oklahoma oil man S. T. Fee hod bought some fine Old Masters in the last decade. Only seven of the twenty be offered at auction found buyers: the three most important paintings—by Canaletto (of Warwick Castle), Tiepolo and Coyp—were all unsold. The fact that they carried high reserves—the Canaletto estimate was $3m—did not help.

Antony Thorncroft

Radio

We'll meet again . . .

THE 40th anniversary of VE Day was ceremoniously observed by Radio 4 with the Abbey service where all available branches of the Christian Church collaborated, the *Duke of Edinburgh read* the lesson, but the Master of the Queen's Music was univolved. Perhaps, like me, he sees this as a politcial rather than an exultant occasion. We had nothing like it for the *30th anniversary*, or the 20th. Indeed, as Roderick Kedward reminded us in Monday's Radio 3 talk, *Should the French celebrote twice?* Giscard d'Estaing laid down that the 1975 commemoration should be France's last. They celebrate their liberation in the autumn.

Less ceremoniously, Radio 2 dropped reminiscent items into its programmes, and the local radio stations sent out chaps with microphones to collect jolly stories from ageing veterans. The most nostalgic programme for me was LBC's wartime panorama, full of familiar voices.

The *Thotcher Phenonmenon* began its first instalment on Radio 4 on —Sunday (repeated on Monday), with reflections by eminent and or friendly contemporaries that traced the early formation of the Prime Minister's political *convictions* and the way in which she deploys them.

As Hugo Young pointed out in his widely-researched programme, "Thatcherism," is the only "ism" we have in British politics, though we have known plenty of "ites." From various sources, we learnt that Mrs Thatcher's childhood home was serious, male-dominated, politics-beset. At Oxford, "a perfectly good second-class chemist, not an interesting person." She will use femininity to get her way, said Lord Whitelaw, "she will use anything." "Invincible complacency, will not listen," Denis Healey offered. "She hasn't got the breadth of outlook," said *Francis Pym*. "In love with power, with herself," wrote Barbara Castle in her diary. But even her detractors admired her good brain, her endless capacity for work; and Mrs Sally Oppenheimer added that "She has a wonderful husband, immensely kind and thoughtful," and able to give financial advice. Five more instalments to come.

Radio 4's new Sunday classic serial is Ivy Compton-Burnett's *Daughters and Sons*, wonderful radio material with its prickly conversation. The five children haven't fully emerged yet, except for *Muriel (Pamela* Molseiwitsch), who only giggles and yawns.

None of them gets much chance really under their dominant grandmother (Patricia Lawrence), except their aunt Hetta (Anna Mitchell) and, when she is out of earshot, their father (John Rowe). John Spurling's adaptation is as good as you would expect from Hilary Spurling's husband, she being our leading Compton-Burnettist. Devoted Sunday serial followers, after an hour of *Doughters and Sons* and half an hour earlier in the evening with *Part 3 of The Masterspringer*, can then turn to Capital for the start of its six-part work, *Dummy Run*, by Nick McCarty and Peter Simpkin, a promising bit about a possible revolution with enough unresolved problems to last through all six instalments.

B. A. Young

Ballet

Style elegant, power buoyant

THE BRIEF Covent Garden season by the Sadler's Wells Royal Ballet is providing a portrait of the company both illuminating and truthful. The two cogent and visually stunning stagings of the traditional classics were joined on Thursday night by a triple bill which told of the troupe's fine qualities as an ensemble in *Les Sylphides* and *Petrushko*, and of its creative alertness in producing Choros by its resident choreographer, David Bintley.

The programme was also excellently judged in its balance of elements. *Les Sylphides*, unharried in tempi by Bramwell Tovey, blossomed in nocturnal serenity, with Margaret Barbieri, Susan Crow and Sandra Madgwick gently pure in style, and Miss Madgwick's liveliness in the little waltz bringing something joyously impetuous to the dance.

John Auld's admirable remounting of *Petrishko* took this stage for the first time and asserted the essential Fokine elements of bold characterisation from the crowd as a frame for the puppets drama. At the work's heart David Bintley repeated his utterly convincing portrayal of Petrushka as a victim of forces which both crush him and force from him those cries of pain which are his most hauman attribute. It is a magisterial reading, matched by Nicola Katrak's vapid Doll and Carl Myers' brutish Blackamoor.

An to close, *Choros* as an exercise in pure dance, coloured by the physical rivalries and strands of emotion which add fascinating nuaoces of feeling to the text. In Terry Bartlett's white, light-responsive and brilliant setting of a gymnasium, the cast—led by Marion Tait, Nicholas Millington, Sandra Madgwick, Iain Webb, Roland Price and Michael O'Hare—sport and play, and Mr Bintley explores their gifts, and their relationships, without stressing anything save the elegance of their style and the buoyant power of their movement. The ballet opens out splendidly to the Opera House stage; so, throughout the evening, do the SWRB dancers.

Clement Crisp

CHESS

FLORENCIO CAMPOMANES, charismatic president of FIDE, the International Chess Federation, faces another tricky, politically charged decision this month following his controversial halt to the Karpov-Kasparov world title contest in Moscow. The return K v K series is scheduled to start on September 1; FIDE invited bids to host the match, which is likely to be limited to 24 or 30 games.

By the closing date of May 1, FIDE's secretariat in Lucerne had received offers from Marseilles with a £500,000 prize fund, from London with £300,000, and from the Soviet Union with a prize fund effectively in roubles. Announced or rumoured bids from Barcelona and Belgrade failed to materialise. Under revised match rules promulgated in 1983, Campomanes has the right, in effect, to decide the venue; under previous regulations preference had to be given to the stated wishes of the contenders.

Campomanes has just returned from a world tour designed to justify and explain his February abort decision to key officials and journalists from FIEDE's 120-nation affiliates. Now, whichever way he decides, be may provoke new argument. Normanl practice is to go for the biggest offer; here Marseilles is well ahead of its rivals.

London's bid is backed by the Greater London Council, whose offer takes hotel, venue and administrative costs into consideration for an event likely to last two or three months. If successful, the GLC plans to present the match at the Royal Festival Hall complex on the South Bank.

In recent years London has become a major centre for international chess in Western Europe, following the success of the world title semi-finals, the USSR v World match, the GLC/Phillips & Drew Kings, and the annual Lloyds Bank open. The GLC has hosted the three Kings tournaments at County Hall, two of them with Karpov's participation. It has also made its headquarters available for major weekend tournaments; on September 1 the Chequers Open, with a £1,000 first prize, will be finishing at County Hall just as the title contest starts.

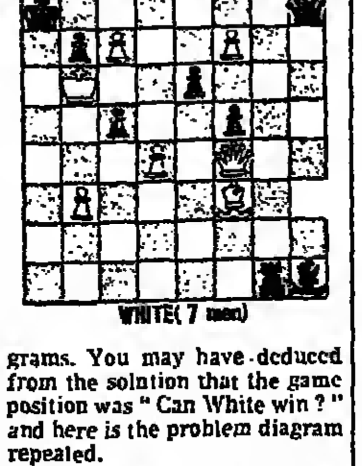
Soviet chess organisers suffered heavy financial blows in 1983: they made compensation payments to FIDE and the Americans over their default at the Pasadena semi-finals: while choice of the Hall of Columns for the 1984-85 match proved costly — marathon length coupled with poor ticket sales.

Thus, if monetary constraints were decisive, Moscow might well be secretly pleased if Campomanes opts for Marseilles or London. Their fear is that a match at a Western venue could produce heavy criticism from Russian sports fans or the ultimate disaster: a high-profile Kasparov defection.

PROBLEM No. 567

Last week solvers had to contend with two captionless diagrams. You may have deduced from the solution that the game position was "Can White win?" and here is the problem diagram repealed.

BLACK (8 men)



WHITE (7 men)

White mates in two moves, against any defence. This is the opening round of the Lloyds Bank British Problem Championship; a correct answer qualifies you for a harder postal stage leading to a final in London in January 1986. The eventual champion wins £100 and represents Britain in the 1986 world title contest.

To compete, solve the problem and send White's first move to Lloyds Bank Public Relations, 71 Lombard Street, London EC3. Mark the envelope "Chess Contest" and your solution "Financial Times." Closing date is July 1.

Leonard Barden

We apologise to readers for the missing text in last week's chess column.

BRIDGE

This hand turned up when I was playing portic libre a few days ago:

	N	
	♠ Q J 10 4 ♡ K Q 8 6 3 ◇ 2 ♣ K Q 7	
W ♠ 9 5 2 ♡ 2 ◇ A 10 7 5 ♣ 9 8 5 4 3		E ♠ K 7 ♡ A 10 9 7 4 ◇ K 9 3 ♣ J 10 2
	S ♠ A 8 6 3 ♡ J 5 ◇ Q J 8 6 4 ♣ A 6	

With East-West vulnerable, my partner in the North seat dealt and bid one heart, to which I replied with two diamonds. North could do nothing but rebid two hearts, but I now said two spades, a responder's reverse, which is unconditionally forcing. North's raise to four spades concluded the auction, and West led the two of hearts, an obvious singleton. East won with the Ace, and returned the four for her partner to ruff. West cashed her Ace of diamonds, and—that was the end of the defence.

As I was playing against really nice opponents, who were anxious to learn, and willing to listen to me, I said: "That was a very interesting hand, and you could have defeated the contract. Would you like me to show you the winning defence?"

At trick two, if East does her homework, she should see that unless she can get in again to give her partner another ruff, the contract is unbeatable. She must assume that West holds the diamond Ace, and return the ten of hearts, a suit preference signal, suggesting a diamond return, not a club. This would give West the courage to underlead her diamond Ace, after ruffing the heart ten with the five of spades. East wins with the diamond King, and leads back another heart. I would have to try the eight of trumps, but I could not prevent West's nine from scoring. After listening to my explanation, both opponents expressed gratitude.

A friendly post-mortem, not carping criticism, is instructive.

We turn now to a pairs event:

	N.	
	♠ 10 8 7 2 ♡ 8 7 3 ◇ 8 5 2 ♣ 10 8 6	
W. ♠ Q J 9 ♡ 9 4 ◇ K 10 7 6 ♣ Q 5 3 2		E. ♠ A 6 4 3 ♡ A Q J 10 ◇ Q 9 3 ♣ J 4
	S. ♠ K 5 ♡ K 6 5 2 ◇ A J 4 ♣ A K 9 7	

With North-South vulnerable, South deals and opens with one heart, your partner passes, and so does North. You pass, and West leads the spade Queen. Declarer wins with the King, and manages to collect six tricks—100 points to you. This, as you find out later, gets fewer match points than the East-West pairs who played in one no trump.

E. P. C. Cotter

Private view

It's opera, so do not adjust your set

Leonie Hysanex as Elektra in Richard Strauss's opera

THE re-run of Wagner's *Ring* cycle on BBC is underway—BBC2 for the images, Radio 3 for stereo sound—and tonight's *Die Walküre* sets a new test. Last time round, each of the ten acts of the four component operas went out on a different evening; newcomers' stamina was tried only by the prologue *Das Rheingold*, a single long act without interval, and it had at least the advantages of novelty, of busy interplay between picturesque characters and of some of the most arresting visuals in Patrice Chéreau's Bayreuth production. *Die Walküre* in the parlour at one go is a tougher proposition, *Siegfried* and *Götterdämmerung* really daunting; but that is how it is to be.

When this Chéreau-Boulez *Ring* came out on videotape, broadcasters in some other countries were bolder; here and there, I believe, the cycle was continuously transmitted without interval!—a theatrically impossible marathon, just as the BBC's prudently carved-up version was a musical sell-out.

For the three main *Ring* operas are dramatic-symphonic wholes: each has a canny three-act structure in which the effects of each act presuppose the vital experience of the previous one. Aficionados can of course supply a missing context from memory and imagination, but new addicts for whom the first television *Ring* was their first *Ring* may be astonished by the power of a complete *Walküre* in four hours. They may—or then again, it may just not work.

One might suspect that opera-on-television is at best a kind of memory-tickler for those who know what genuine opera is like, an evocative shadow of the real thing. Yet my nine-year-old son, who had slept through the last act of a (dull) ENO *Barber of Seville*, watched virtually the whole of the BBC's fragmented *Ring* quite raptly, night after night, unprompted: what can he have seen?

Some of the obvious discrepancies between operatic conventions and television norms are not really important. For the opera house, for example, orchestral preludes and interludes are often designed to carry a weight of their own, without visual accompaniment: television producers won't countenance that—but neither will many modern stage producers (perhaps corrupted themselves by television). Operatic acting is geared to large houses, where the fact that full-throated singing does grotesque things to the face is lost in the distance—but television depends upon close-ups for emotional effect; still, the musical recording and the film can always be done separately, as in the recent Friedrich-Böhm *Elektra*, and a compromise neatly achieved.

Some operas are grand in a specifically stagey way, yes—but some aren't. Orchestral music is generally ill-served by domestic TV speakers, yes—but things will improve. When I wrote about the *Elektra* and remarked that opera on television isn't really opera at all, I meant something else. The problem is that an opera, unlike a play, proceeds not only in a fixed sequence (which can be tightened or stretched in spoken theatre), but on an unbudgeable time-scale—half the art is in knowing how long or how brief a dramatic event needs to be.

There can be many incidental fascinations in a television treatment of an opera, then, but in principle—and this is a serious aesthetic matter—the gap is scarcely less than between a novel and a dramatisation of it. The shape of the experience is decisively different, and the original shape fixed in musical time can't be translated: viewers simply have to pretend that they're *there*. Even the splendid *Elektra* was, finally, a cunningly selective representation of a stage work.

Last year Channel 4 gave us an avant-garde American "television opera" in half-hour segments that worked brilliantly—but apart from including images and musical sound, it had nothing at all to do with the operatic medium.

If I had to recognise any special virtue in televised standard opera, I'd say: the subtitles. In the English-speaking world, with the barest wisp of a native operatic tradition, the language of opera has always been a dilemma: there are decisive reasons for singing in the original language, and decisive reasons for doing it in translation. Lofty opera-lovers who claim to know, line by line, just what is being sung in Italian or Russian or German are usually lying in their teeth; and it matters.

David Murray

Sport

A view from Everton's Heights

EVERTON'S transfer list is growing. Promises of better things will not hold those who want to go. The view from the Heights is of no promised land, but of the Mersey and Liverpool, fallen from glory. As if in comment at the bottom of the hill, new roads rush the traffic tunnelwards to greener lands in Wirral.

A forgotten corner of Everton

This is Everton the place, of course, not Everton, the football team. Here, in one of those ironies that never happen in fiction, the roads on the other side of the sudden sandstone rise that is called Everton Heights lead down to the local football stadium. It is called Anfield and it is where Liverpool play.

Everton's ground is a good mile to the north at Goodison Park, which is in Walton, perilously close to the Anfield district boundary. But such niceties matter little in Everton because football is not a religion there—religion is.

The writing is literally on the wall. "No Popery," "No Surrender," "King William" and "God Save Our Queen" proclaim the literacy of the Young Loyalists Association. There is nary an "LFC" or an "Everton" in sight.

Everton FC used to be Liverpool's Celtic, with large Catholic support based in nearby Bootle. The Protestants walked their few hundred yards to Anfield from their Orange bastion in Everton. This supporters' tribalism is largely ended now—both teams are followed avidly by white, black, orange or green—and mixed marriages remain only those between Liverpool and Everton football supporters.

So the district of Everton is now as split as any other on Merseyside over which is the better football team. Common cause in Everton is about something more fundamental—jobs and housing—for Everton encapsulates the miserable, near-hopelessness of the Merseyside inner city.

Its transfer list is of people who want to be rehoused from the tower blocks and matrices of maisonettes that were the planners' flavour of the 1960s. It stands at one in three of the households in Everton, compared with a one-in-eight average across the city.

Visiting Eurocrats rate the housing among the worst in Europe. In 1981 it was what Michael Heseltine took his "moneybus" tourists — 40 leaders of Britain's financial institutions—to see after the Toxteth riots. Last year, Liverpool's Militant Labour leaders walked Heseltine's successor as Environment Secretary, Patrick Jenkin, through the same acres of modern slummery, demanding more money to put it to rights.

The next round in the city council's fight for more should have been next Wednesday, when it was to meet to refuse to set a rate. The meeting has been postponed six days. Everton FC, already League champions, play for the European Cupwinner's Cup that night, and key people—notably deputy leader and prominent militant Derek Hatton, a self-confessed rabid Evertonian—will be away with their rosettes.

In spite of the political gravity of the city's financial situation, few on Merseyside will hold it against him. For Everton the football team next week go for a stupendous treble—League title and the European Cupwinners and FA Cups—the likes of which only Liverpool has previously achieved. The problems of Everton the place will still be there after the last "Ee-Aye-Addio."

Is football then an opiate to ease the social pain? Few Merseysiders would agree, for football is not cheap these days. It costs £2.20 to stand at Goodison Park, £4.20 or £4.40 for a seat. Anfield is similarly expensive.

For big matches money will be begged, borrowed or—inevitably in some parts of Merseyside—stolen, but the cognoscenti are well-informed, sporting, and don't fight each other. Perhaps Liverpool's continuous success—and Everton's before them and now—has made people blase. Winning a pot or two is not unusual on Merseyside. It is just Everton's turn for a change.

Football is not a matter of life or death. It may be distraction, but the stadium is no place to lose yourself:

People do not divide their time between stadium and the Job Centre, L'Humanite, the French Communist newspaper, once claimed that such was what they did, but that is too trite a stereotype. The reality is that football success is a sideshow in a drama so tragic as to permit only bitter, black humour. It is another Merseyside irony.

In Everton itself, right on the Heights, the Government has put in the first £2m of the £11.5m it will take to create Everton Park. The rest will follow over five years. Here will eventually be parks and gardens, playgrounds and a sports hall, a handstand and soccer pitches.

The Labour councillors want to demolish and start again. The Government thinks that build-for-sale and the clearing of tower blocks for the sort of private redevelopment that might attract "yuppies" should also be tried.

Merseyside's overall unemployment rate is 21 per cent. Government officials refuse to release the local figure for Everton, except to admit that it is one of the inner city black spots that keep up the county's average.

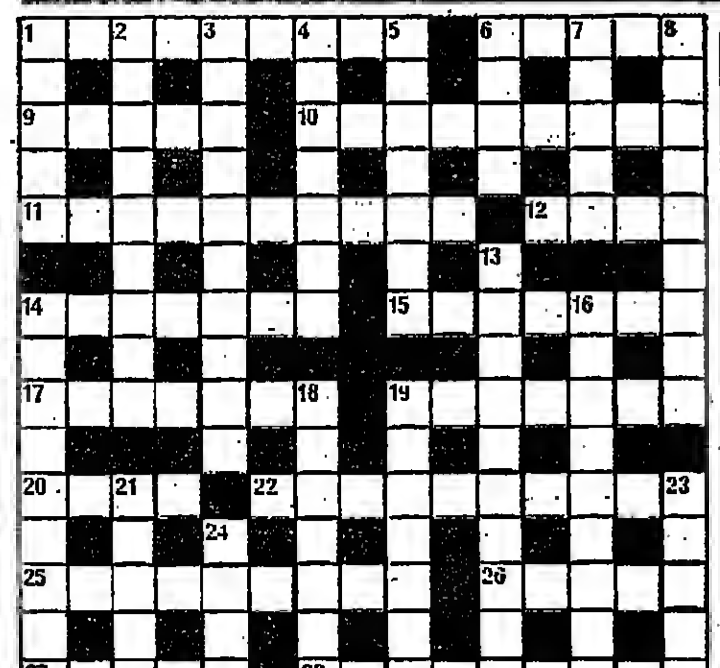
Everton is in the Walton Parliamentary constituency, the seat of Labour's now seemingly fallen heavyweight, Eric Heffer. The Walton figure for unemployed claimants is 10,524, of which 83 per cent are on the books of the Everton Job Centre, which means that jobs get more plentiful as you move out of Everton towards Goodison Park along the road to the suburbs in Aintree.

But can any solution really work if there are no new jobs? These are not easily mobile people: if they were they would have been gone by now, for who would live in Everton by choice?

There is little work locally. Barker and Dobson, the confectioner founded in 1834, remains, but employs only 200 white-collar staff now. Its most famous line after Hacks and Victory V lozenges is Everton Mints, named after the area, not the football club. To placate Liverpool supporters the mints are wrapped in Newcastle United colours—magpie stripes with red trimming and lettering.

Alas, the company closed its Everton factory two years ago, rationalising production to Bury in Greater Manchester. Industrial starter units cluster around its dereliction but can the likes of these provide 8,000 or more jobs? And when Everton take the field next week, will they advance the cause of the other Everton one iota?

Ian Hamilton-Faizey



F.T. CROSSWORD PUZZLE No. 5,715

Note: "M" has the same meaning in each clue.

A prize of £10 will be given to each of the senders of the first five correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winners and solutions will be given next Saturday.

Name ....

Address ....

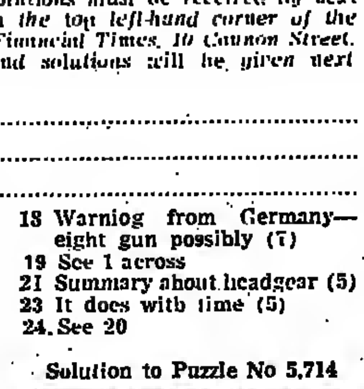
ACROSS

1, 19 down M to ask for alternative, not specific (9,7)
6 They may be raised quietly among weeders (5)
9 A reversal of attitude by a fabulous writer (5)
10 Con man is one, maybe, that counts sheep? (9)
11 Ms discover Ventnor gem (10)
12 Sounds like top dog (4)
14, 8 M of revolution rules the City with damaged artery (7, 9)
15 Speechlessness of Herbert on continent (7)
17 Start gambling with mirrors? (7)
19 Charity scholar of old: by now go another way (7)
20, 22 M a bit sheepish at bottom? (4, 10)
20, 26, 24 M for solver with dry pail? (4, 5, 4)
22 M with opportunity to go round from right to left . . . (10)
25 . . . of the old square pattern (9)
26 See 20
27 Some of these palm trees in flower (5)
28 Duck with good prospects? Ye old English variety (6-3)
18 Warning from Germany—eight gun possibly (7)
19 See 1 across
21 Summary about headgear (5)
23 It does with time (5)
24 See 20

DOWN

1 Some people's language (5)
2 End of lay—serve with salt? (4, 5)
3 North-South occupier makes revolutionary scientist (10)
4 1934 film, unconvincing on an island (4, 3)
5 Name of girl that turns up little old coins and gold (7)
6, 8 M, very old, keeps me hidden (4, 9)
7 M without factors? (5)
8 See 14 across and 6
13 Exhibitionists? There's no people like them! (4, 6)
14 Soldiers worry about one left that is right (9)
16 Lying about French dance under the mountains (9)

Solution to Puzzle No 5,714



SOLUTION AND WINNERS OF PUZZLE NO 5,710

Mrs B. Crabtree, Elm House, Church Street, Market Deeping Peterborough.

Mrs C. J. Kromer, "Lo Ruona," Lynx Hill, East Horsley, Surrey.

Mrs J. W. Seamer, Crablies Close, Hyde Lane, Marlborough, Wiltshire.

Mr James Stevens, Belfield Cottage, Blowing House Hill, St Austell, Cornwall.

Mr C. E. Code-Hughes, Zwolunlaan 14, 2261 BR Leidschendam, Netherlands.

هكذا من الأصل

TELEVISION AND RADIO

SATURDAY

BBC 1

† Indicates programme in black and white

8.30 am The Saturday Picture Show. 11.10 "The Scarlet Spear," starring John Bentley. 12.27 pm Weather News. 12.30 Grandstand, including 1.00 News Summary, Football Focus with Bob Wilson, Golf (The Car Care Plan International), Rugby League (The Stalum Lager Premiership Trophy), Gymnastics (The Women's European Championships from Helsinki), Racing from Lingfield Park, and at 4.40 Final Score.

5.05 News. 5.15 Regional Programmes. 5.20 The New Adventures of Wonder Woman. 6.10 The Keith Harris Show. 6.45 "Operation Crossbow," starring Sophia Loren, Trevor Howard, Tom Courtenay and John Mills. 8.35 The Kenny Everett Television Show. 9.05 Dynasty. 9.55 News and Sport. 10.10 Match of the Day. 11.00 Late Late Horror: "Chamber Of Horrors," starring Patrick O'Neal and Wilfrid Hyde White.

REGIONAL VARIATIONS:

Wales—5.15-5.20 pm Sports News Wales.

Scotland—5.15-5.20 pm Scoreboard. 10.10-11.00 Sportscene.

Northern Ireland—12.30-5.505 pm Grandstand, including Motor Racing from Kirkistown, and at 4.55 Northern Ireland News. 12.35-12.40 am Northern Ireland News Headlines.

England—5.15-5.20 pm London: Sport; South-West: Spotlight Sport and News; All other English regions: Sport and Regional News.

BBC 2

9.10 pm Saturday Cinema: "Blue Fire Lady." 4.40 Golf. The Car Care Plan International. 6.05 Basil Bunting. 6.35 The Sky at Night. 6.55 The Day the Universe Changed. 7.45 News and Sport. 8.00 Wagner's "Ring." 8.02 "Die Walküre." The second of Wagner's four operas comprising "The Ring" Cycle, being shown over four Saturdays in Patrice Chereau's Bayreuth production with simultaneous broadcasts on Radio 3. There are English subtitles. 9.04 Richard and Minna. In the first interval, a brief biography of Wagner's first marriage, linking it to Act 2 of The Valkyrie. 9.18 Act 2. 10.44 Wagner and His Singers. In the second interval, how Wagner prepared his singers and how the tradition continues. 10.57 Act 3. 12.06-12.40 am Women's European Gymnastics.

LONDON

6.15 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Matt and Jenny on the Wilderness Trail. 10.00 No. 73. 11.20 The Champions. 12.15 pm World of Sport, including 12.20 Ice Hockey, 12.45 News, 12.50 On the Ball, 1.35 Racing from Thirsk, 1.55 Rallying, 2.10 Racing from Thirsk, 2.55 Boxing, 3.45 Half Time Round-up, 4.00 Wrestling, 4.45 Results.

5.00 News. 5.05 Happy Days. 5.30 Connections. 6.00 The Saturday 6 O'clock Show. 6.50 The Grumbleweeds Radio Show. 7.20 The Price Is Right. 8.15 Hunter. 9.15 News. 9.30 Tales of the Unexpected. 10.00 London News Headlines, followed by "10," starring Dudley Moore, Julie Andrews and Bo Derek. 12.15 am Magnum. 1.05 Bizarre. 1.30 Night Thoughts with Katharine Whitehorn.

CHANNEL 4

1.00 pm Chips' Comic. 1.30 Print It Yourself. †1.55 "Ruggles Of Red Gap," starring Charles Laughton. 3.40 "Judge Priest," starring Will Rogers. 5.05 Brookside Omnibus. 6.00 The Max Headroom Show. 6.30 No Problem! 7.00 News Summary followed by 7 Days. 7.30 Lakeland Rock. 8.15 Winston Churchill, The Wilderness Years. 9.15 Terror. 10.15 Hill Street Blues. 11.10 The Late Clive James. †11.55 Naked City. 12.50 am The Paul Hogan Show.

S4C WALES

1.20 pm Farming on 4. 1.50 A Question of Economics. 2.20 A Week in Politics. 3.05 A Thousand Million Million Ants. 4.05 Americans At War. 5.05 Where In The World? 6.30 The Avengers. 7.30 Newyddion. 7.45 Siôn a Siân. 9.15 Portreadau. 8.45 Canu Pennillion. 9.15 Sniwcer. 9.55 Hill Street Blues. †10.50 Feature Film: "Trio."

Sophia Loren, BBC1 6.45

REGIONS

ANGLIA

9.25 am Cartoon Time. 9.35 Captain Scarlet and the Mysterons. 11.20 Chips. 5.05 pm Connections. 5.35 Cartoon Time. 5.50 Riptide. 12.10 am Jazz Special. 12.40 At The End of the Day.

BORDER

9.25 am Cartoon Time. 9.35 Scooby Doo. 11.20 Chips. 5.05 pm Film: "Buck Rogers in the 25th Century."

CENTRAL

9.25 am Cartoon Time. 9.35 Scooby Doo. 11.20 Chips. 5.05 The Saturday Action Film: "Buck Rogers in the 25th Century."

CHANNEL

9.25 am Cartoon. 9.35 Captain Scarlet and the Mysterons. 9.57 Puffin's Pla(i)ce. 1.20 Puffin's Pla(i)ce. 11.25 Tarzan. 12.14 pm Channel Islands Weather Summary. 5.05 Puffin's Pla(i)ce. 11.20 Puffin's Pla(i)ce. 11.25 "Doomsday Flight."

GRAMPIAN

9.25 am Cartoon Time. 9.35 Scooby Doo. 11.20 Chips. 5.05 pm Fenglace. 5.25 Connections. 5.55 Riptide. 11.55 Reflections.

GRANADA

9.25 am Cartoon. 9.35 Captain Scarlet and the Mysterons. 11.20 Chips. 5.05 pm "Buck Rogers in the 25th Century." 12.15 am Air Supply in Concert.

HTV

9.25 am The Wonderful Stories of Professor Kitzel. 9.30 Captain Scarlet and the Mysterons. †11.20 Fireball XL5. 11.50 Just Our Luck. 12.13 pm HTV News. 5.05 "Buck Rogers in the 25th Century."

SCOTTISH

9.25 am Cartoon Time. 9.35 Scooby Doo. 11.20 Chips. 5.05 pm Connections. †5.35 Feature Film: "The Great Van Robbery." 12.15 am Late Call.

TSW

9.25 am Cartoon. 9.35 Captain Scarlet and the Mysterons. 9.57 Gus Honeybun's Magic Birthdays. 11.20 Freeze Frame. 12.12 pm TSW Regional News. 5.05 Newsport. 5.10 Feature Film: "The Doomsday Flight," starring Jack Lord, Edmond O'Brien and Van Johnson. 12.15 am Postscript.

TVS

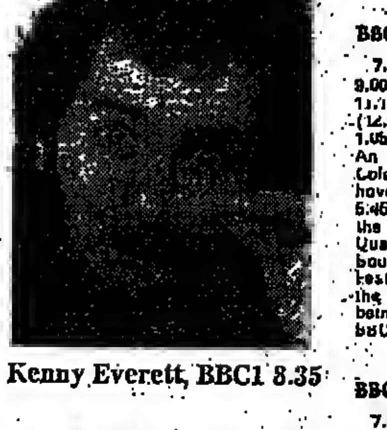
9.25 am Perky Pig. 9.35 Scooby Doo. 11.20 The Green Hornet. 11.45 Birdman and Galaxy Trio. 12.12 pm TVS Weather. 5.10 Connections. 5.40 The Wonderful Stories of Professor Kitzel. 5.50 Knight Rider. 12.15 am Company.

TYNE TEES

9.25 am Morning Glory. 9.30 Scooby Doo. 9.55 Young Lookaround. 11.20 David Frost Presents the Guinness Book Of Records No.5. 5.05 pm "Buck Rogers in the 25th Century." 12.15 am Poet's Corner.

ULSTER

9.25 am Cartoon. 9.35 Scooby Doo. 11.20 Fireball XL5. 11.45 The Smurfs. 12.43 pm Lunchtime News. 5.03 Ulster News. 5.05 Feature Film: "Buck Rogers in the 25th Century." 9.27 Ulster News. 12.10 am Sports Results. 12.15 News at Bedtime.



Kenny Everett, BBC1 8.35

YORKSHIRE

9.25 am Regional Weather Forecast followed by Cartoon Time. 9.35 Scooby Doo. 11.20 Captain Scarlet and the Mysterons. 1.50 Joanie Loves Chachi. 5.05 pm "Buck Rogers in the 25th Century." 12.15 am That's Hollywood.

RADIO

BBC RADIO 2

(S)—Stereo on VHF

8.05 am David Jacobs. 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 12.30 pm Vince Hill's Solid Gold (B). 1.00 The News Huddlines. 1.30 Sport On 2 including Football Preview, Golf, Rugby League, Racing from Lingfield Park, Football and Sports Report. 6.00 Folk On 2. 7.00 Jump! 7.30 Cricket Scoreboard: Gala Concert (S). 8.30 Big Band Special (S). 10.02 Sports Desk. 10.05 Steve Jones (S). 12.05 am Night Owls introduced by Dave Gelly (S). 1.00 Peter Dickson presents Nightride (S). 3.00-4.00 Wally Whyton introduces Country Concert (S).

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 11.15 BBC Philharmonic Orchestra (S) (12.00 Interval Reading). 1.00 News. 1.05 Violin and Piano (S). 2.00 Bach: An American View (S). 4.00 Maurice Cole plays Piano Sonatas by Beethoven. 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Music for the Iron Voice (S). 7.15 Medici String Quartet (S). 8.00 Wagner's Ring (S): Boulez conducts the 1980 Bayreuth Festival production of "Die Walküre," the second opera in Wagner's cycle being broadcast simultaneously on BBC-2. 12.05-12.08 am News.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4. 8.48 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Pick of the Week (S). 11.30 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm I'm Sorry I Haven't A Clue (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? from Shanklin, Isle of Wight. 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.00 News; Instant Sunshine . . . Reasonably Together Again (S). 3.30 Edinburgh's Golden Mile. 4.15 Enterprise. 4.45 Letter From A Pub. 5.00 Wildlife (S). 5.25 Week Ending (S). 6.00 News; Sports Round-Up. 6.25 Desert Island Discs (S). 7.05 Stop The Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday-Night Theatre (B). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 The Great Peacemakers. 11.00 Science Now. 11.30 The Cabaret Upstairs (S). 12.00-12.15 am News.

SUNDAY

BBC 1

† Indicates programme in black and white

8.55 am Play School. 9.15 Superbook. 9.30 This Is The Day. 10.00 Asian Magazine. 10.30 Use Your Head. 10.55 Greek Language and People. 11.20 Letting Go. 11.45 The Learning Machine. 12.10 pm Mr Smith's Indoor Garden. 12.35 Farming. 12.58 Weather News for Farmers. 1.00 News. 1.05 Bonanza. 1.50 Cartoon. 2.00 EastEnders. 3.00 Tom and Jerry. †3.15 Comedy Matinee: "Carry On Teacher." 4.40 Regional Programmes.

5.10 The Domesday Project. 5.50 Antiques Roadshow. 6.30 News. 6.40 Praise Be! 7.15 Sorry! 7.45 Juliet Bravo. 8.35 Whicker's World. 9.30 That's Life. 10.15 News. 10.30 Heart of the Matter. 11.05 The Post Aloud. 11.30 A Family Band.

BBC 2

1.55 pm Sunday Grandstand including Golf (Car Care Plan International), Cricket (John Player Special League) and Gymnastics (Women's European Championships from Helsinki). 6.50 News Review. 7.15 Stuart Burrows Sings. 7.50 Debut. 8.20 Flower of the Month. †8.30 Orson Welles's "Touch of Evil." 10.15 Bleak House. 11.10-12.50 am "Class of 44," starring Gary Grimes.

LONDON

8.55 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Porky Pig. 9.45 Speedy and Daffy. 10.00 Morning Worship from Priory Church, Killadeas. 11.00 Link. 11.30 Breakthrough. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Big Match. 2.00 A Full Life. 2.30 London News Headlines followed by Afternoon Affair: "Buona Sera, Mrs Campbell," starring Gina Lollobrigida, Phil Silvers and Telly Savalas. 4.30 Travellers by Night. 5.00 Now You See It. 5.30 Once in a Life Time. 6.30 News. 6.40 Appeal. 6.45 Highway. 7.15 The Practice. 7.45 Sidney Sheldon's "Bloodline," starring Audrey Hepburn, Ben Gazzara and James Mason. 10.15 News. 10.30 "One Summer," starring David Morrissey. 11.30 London News Headlines followed by Eddie Murphy Profile. 11.55 Night Thoughts with Mathoor Krishnamurti.

CHANNEL 4

1.05 pm Irish Angle. 1.30 Tonnie That Counts. 2.00 A Question of Economics. 2.30 "Cosi Fan Tutte" (Film of Mozart's opera sung in Italian). 5.05 Paris Jamais Vu. 5.30 News Summary followed by The Business Programme. 6.15 Athletics. 7.15 An Inordinate Fondness for Beetles. 8.15 Mapp and Lucia. 9.15 People to People presents Beyond Our Ken. †10.15 "His Girl Friday," starring Cary Grant and Rosalind Russell.

S4C WALES

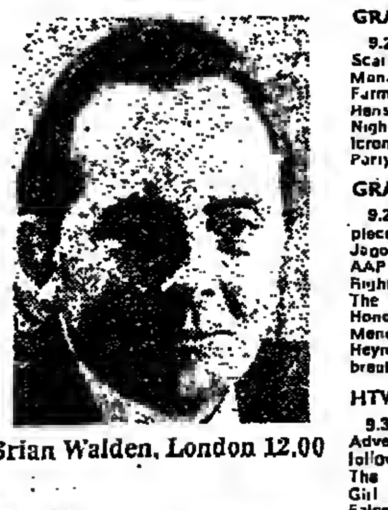
1.30 pm Lakeland Rock. 2.00 The Great Plant Collectors. 2.30 Sunday Opera: "Elektra." 4.40 The Three Stooges. 5.00 The Wine Programme. 5.30 The Business Programme. 6.15 Athletics. 7.15 Siee Siarad. 7.30 Newyddion. 7.35 Tocyn Tramor. 8.10 Pwy Sy'n Perthyn? 8.40 Er Gwaetha'r Gelyn. 9.25 Oachrau Canu, Oechrau Canmol. 9.55 Winston Churchill—The Wilderness Years. 10.55 The Late Clive James. 11.40 Seven Days.

REGIONS

IBA Regions as London except at the following times:

ANGLIA

9.30 am Survival. 1.00 pm Silver Spoons. 1.25 Weather Trends. 1.30 Farming Diary. 2.30 The Big Match. 3.15 Winter Music. 4.15 Cartoon Time. 11.30 The Irish RM. 12.30 am The Word on the Brow.



Brian Walden, London 12.00

BORDER

9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Perspective. 1.30 Farming Outlook. 2.30 The Big Match. 3.15 The Return of the Saint. 4.15 Cartoon Time. 11.30 Conference Report (Scottish Conservative Party—Perth '85).

CENTRAL

9.25 am The Wonderful World of Professor Kitzel. 9.30 Breakthrough. 11.30 Gardening Time. 1.00 pm Star Fleet. 1.30 Here and Now. 2.30 The Big Match. 3.15 The Late Night Continental: "Who Are You?" starring Maurice Ronet and Romy Schneider.

CHANNEL

12.25 pm Today's Weather. 12.26 Starting Point. 12.30 Getting On. 1.00 Gardens For All. 1.30 A Sense of the Past. 2.30 The Big Match. 3.15 Cartoon Time. 3.25 Puffin's Pla(i)ce. 3.30 Scarecrow and Mrs King. 11.30 Streets of San Francisco.

GRAMPIAN

9.25 am Cartoon. 9.30 Captain Scarlet. 10.00 Once Upon A Time Man. 10.30 Personal View. 1.00 pm Farming Outlook. 1.30 Survival. 2.30 Henson's Place. 3.30 Travellers By Night. 4.00 Scotsport. 11.30 Conference Report—Scottish Conservative Party—Perth '85. 12.30 am Reflections.

GRANADA

9.25 am Miniature Chess Masterpieces. 9.30 The Human Face of Japan. 11.00 Breakthrough. 11.25 AAP KAA HAK. 11.30 This Is Your Right. 1.00 pm The Champions. 2.30 The Big Match. 3.15 Sunday Matinee: Honor Blackman in "You Pay Your Money." 11.30 The Late Film: Peter Reynolds and Carol White "Gaolbreak."

HTV

9.30 am Buttonville. 1.00 pm The Adventurer. 1.30 Farming Wales followed by Weather for Farmers. 2.30 The Big Match. †3.15 "The Saint's Girl Friday." 5.00 Definition. 5.30 Falcon Crest. 6.36 HTV News. 11.30 Looks Familiar.

SCOTTISH

9.25 am Cartoon Time. 9.30 Breakthrough. 10.00 Sesame Street. 11.30 Sunday Service. 1.00 pm Travellers by Night. 1.30 Farming Outlook. 2.00 Cloud of Witnesses. 2.30 The Glen Michael Cavalcade. 3.15 Looks Familiar. 4.00 Scotsport. 11.30 Conference Report. 12.30 am Late Call.

TSW

9.25 am Link followed by South West Link. 11.00 Breakthrough. 11.25 Look and See. 11.30 The Crazy World of Sport. 1.00 pm Gardens For All. 1.30 Farming News. 2.30 The Big Match. 3.15 Cartoon Time. 3.25 Gus Honeybun's Magic Birthdays. 3.30 Scarecrow and Mrs King. 11.30 Streets of San Francisco. 12.25 am Postscript.

TVS

9.25 am Action Line. 9.35 Atom Ant. 1.00 pm Agenda. 1.30 Enterprise South. 2.30 The Big Match. 3.15 The Sunday Matinee: "The House Across The Lake," starring Sidney James. 8.25 TVS News. 11.30 The Mysteries of Edgar Wallace. 12.30 am Company.

TYNE TEES

9.25 am Morning Glory. 9.30 Link. 11.00 Breakthrough. 11.25 Lookaround. 11.30 Captain Scarlet and the Mysterons. 1.00 pm Farming Outlook. 1.30 The Smurfs. 2.30 The Big Match. 3.15 Cartoon Time. 3.30 Hart to Hart. 11.30 Epilogue.

ULSTER

12.58 pm Lunchtime News. 1.00 Advice with Anne Nailes. 1.15 Cartoon Time. 1.30 Farming Ulster. 1.58 Farming Weather. 2.30 The Big Match. †3.15 Feature Film: "Never Look Back," starring Rosamund John, Hugh Sinclair and Guy Middleton. 6.38 Ulster News. 10.27 Ulster News. 11.30 The Mysteries of Edgar Wallace. 12.25 am Sports Results. 12.30 News at Bedtime.

YORKSHIRE

9.25 am Regional Weather Forecast followed by Link. 11.00 Breakthrough. 11.30 Farming Diary and Farming Weather. 1.00 pm The Champions. 2.30 Scarecrow and Mrs King. 3.30 The Big Match Special. 11.30 Festival Folk. 12.00 Five Minutes.

RADIO

BBC RADIO 2

(S) Stereo on VHF.

9.00 am Melodies For You (S). 11.00 Desmond Carrington with your Radio 2 All-Time Greats (S). 1.00 Brian Matthew presents Two's Best (S). 2.00 Summer Sounds. 6.30 Charlie Chester with your Sunday Soapbox. 7.30 Cricket Scoreboard. 7.35 Glamorous Nights introduced by Gordon Clyde. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes introduced by Alan Keith. 10.02 Sports Desk. 10.05 Songs From The Shows. 10.45 William Davis at the piano. 11.00 Sounds of Jazz. 1.00 am Peter Dickson presents Nightride (S). 3.00-4.00 Brian Matthew presents Two's Best (B).

BBC RADIO 3

7.00 am News. 7.05 Amadeus Quartet (S). 8.00 Bach Cantatas 1724 (S). 8.45 Domenico Scarlatti (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly (S). 11.15 St Louis Symphony Orchestra, part 1. 11.55 Words. 12.00 St Louis S.O., part 2 (S). 12.55 pm Music for flute, viola and harp (S). 1.45 Couperin and Bach (S). 2.25 Music for cello and piano (S). 3.15 Early Music from the Proms (S). 4.55 Chopin on a Contemporary Piano (S). 5.30 New Premises. 6.15 Takacs Quartet (S). 7.00 Gulliver Five (S). 8.00 London Philharmonic Orchestra. Deferred relay from the Royal Festival Hall, London, part 1: Wagner, Beethoven (3rd piano concerto, with Radu Lupu) (S). 9.55 Seeing Stars. 10.10 LPO, part 2: Janacek (Glagolitic Mass) (S). 11.00 Erich Gruenberg and Roger Vignoles, violin and piano recital (S). 11.57-12.00 News.

BBC RADIO 4

8.00 am News. 8.10 Sunday Papers. 8.15 Sunday presented by Clive Jacobs. 8.50 Raymond Baxter appeals on behalf of the National Association of Boys' Clubs. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter From America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers. 11.15 The Food Programme. 11.45 Home-ing In. 12.10 pm It's Your World (Simultaneous broadcast with BBC World Service). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News; Gardeners' Question Time. 2.30 The Afternoon Play (S). 3.45 Letter From El Barraco. 4.00 News; The Kettering Connection. 4.30 The Living World. 5.00 News; Travel. 5.05 Timber. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Mard Wrestling Then Dancing. 6.30 Bookshelf. 7.00 Travel; The Mastersprinter. 7.30 The Thatcher Phenomenon. 8.00 The British in Venice. 8.30 A World in Edgeways (S). 9.00 News; Daughters and Sons by Ivy Compton-Burnett (S). 9.58 Weather. 10.00 News. 10.15 You The Jury (S). 11.00 There's Music in God (S). 11.15 Inside Parliament. 12.00-12.15 am News.